Regional Transportation Authority

SIX COUNTIES.
ONE REGION.
CREATING OPPORTUNITY.

al Report

Regional Transportation Authority Core Missions

1. Financial Oversight
2. Regional Planning
3. Compliance (as required by the RTA Act amended in 1983)

The Regional Transportation Authority (RTA) was established in 1974 upon the approval of a referendum in its six-county northeastern Illinois region. The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois. The RTA is responsible for the financial oversight of the region's three public transit operators: the Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus. The RTA is also charged with the oversight of planning issues that affect public transit in the six-county region.

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"The future is purchased by the present."
Samuel Johnson
(1709-1784)

From water to rail to asphalt, transportation connections are what make this region prosper. The ability to move goods and people has made Northeastern Illinois a crossroads for our nation's commerce and development for nearly two centuries.

The six counties served by the RTA, CTA, Metra and Pace are expected to add another 1.9 million people by 2030. Our suburbs are no longer simply bedroom and farming communities. Many have become commercial and destination centers on their own, and the need to maintain and improve our region's transportation systems is growing along with the region.

The needs of these newer travel markets have been a major focus of the RTA and its Service Boards' efforts in recent years. Thanks to the groundwork laid by the RTA Board and its former chairman Thomas J. McCracken Jr., we are improving existing services, reaching out to areas never before served by public transit and creating opportunities for sensible growth and multimodal transportation solutions.

Our goal is to connect six counties as one region. Through corridor studies and the examination of new technologies, the RTA is working to ensure that our future transit system develops in coordination with the region we serve. The plans and the projects featured in this annual report illustrate how the RTA, in partnership with other transportation agencies and communities, is creating opportunity now and for the future. Through planning, northeastern Illinois and the RTA, the CTA, Metra and Pace are working together so that public transit system increases mobility and accommodates growth while maintaining financial stability.

Sincerely,

Jim Reilly, Chairman

Cook

Creating Connections

"A good transit system serves all the people. As new economic centers develop beyond the Chicago borders, it is essential that we re-examine traditional commuting patterns and adapt our public transit system and connect workers throughout Cook County to jobs throughout the region."

John H. Stroger, Jr.
President
Cook County Board of Commissioners

Cook County Characteristics

Communities Served: 136
*Average Weekday Ridership: 1.6 million**
2004 Sales Tax Collected (including Chicago): $569.1 million

From the time when Jean Baptiste Point du Sable established the first permanent settlement on the north bank of the Chicago River, Cook County has been the region's economic and cultural hub. In the mid-1800s, waterways and railroads established Chicago as a major connecting point for the flow of trade from west to east and attracted manufacturers seeking the raw materials and distribution systems for their products. Cook County and Chicago still maintain this central role as home to nearly 5.4 million people and more than 2.5 million jobs.

**Excludes ridership at five Metra stations in downtown Chicago to minimize the double-counting of riders boarding at outlying stations.*

Juan Chavez's mural at the Damen stop captures the spirit of the communities along the Cermak Branch.

To improve the use of its stations, the RTA and the Village of Brookfield have created transit-oriented development plans.

At left: The CTA rebuilt eight stations as part of the reconstruction of the Cermak (Douglas) Branch of the Blue Line.

Customers at the Cermak stop on the newly renovated Blue Line now have faster, more efficient connections to the city and suburbs. The four-year, $483 million rehabilitation of the Cermak Branch rebuilt eight stations and decreased travel times to the Loop by 20 minutes.

Commuting Trends

As suburban communities attract more and more of the region's employers, the number of workers commuting to job sites outside Chicago's Central Business District (CBD) continues to grow. Changing commuting patterns are challenging the region to develop more reverse and suburb-to-suburb commuting options. The RTA, the CTA, Metra and Pace are working to meet this challenge by upgrading and reconfiguring existing services, exploring new technologies to improve service, and planning new services that better connect workers with employment centers.

Future Projects and Plans

In 2004, the CTA completed the majority of the work on the rehabilitation of the Cermak Branch of the Blue Line, vastly improving travel times from the city's southwest side. The CTA also opened a new park-n-ride lot at the Garfield Station on its Green Line, while Pace worked with communities in the northern part of Cook County to restructure services to increase suburban transit connections.

Providing better connections between the city and the entire region is the focus of new services proposed by the CTA, Metra and Pace. One proposal the CTA is pursuing is the Circle Line, a plan to link all existing CTA and Metra rail lines with a new line encircling the city's central area. Metra is also studying the feasibility of a new rail service for southeast Cook and northeast Will counties. The RTA is working with the South Suburban Mayors and Managers Association to develop transit-supportive land-use policies and local financing mechanisms for this proposed service.

DuPage

Creating Choices

"How we approach, develop, govern and fund public transit will define our region's economic future for decades to come. We must create transit corridors that support increased economic development and include capacity for reverse and suburb-to-suburb commutes. It is vital that we make the right choices."

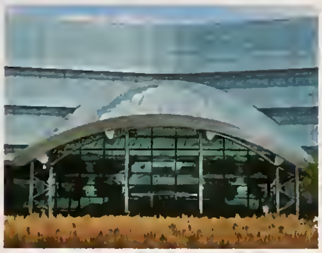
Robert Schillerstrom
Chairman
DuPage County Board

DuPage County Characteristics

Communities Served: 40
Average Weekday Ridership: 49,915
2004 Sales Tax Collected: $42.8 million

Twenty miles west of downtown Chicago, DuPage County is the second most populous county in the state of Illinois with nearly one million residents and 600,000 jobs. Since 1970, DuPage County has accounted for more than 46 percent of all new jobs in the region. DuPage's business community is a diverse mix of manufacturing, warehousing and distribution, health care and high-technology industries from McDonald's Corporation to Tellabs. Its workforce is well educated with more than 40 percent having earned a college degree.

More than 170,000 cars a day travel between the I-88 and I-355 tollway interchanges in central DuPage County.



Firms such as Lucent Technologies and Bell Laboratories are located along I-88.

At left: Three Metra lines run through the Cook-DuPage Corridor where the RTA is studying ways to address congestion and improve mobility.

The Cook-DuPage Corridor study is an ongoing effort to give commuters in DuPage County more travel options. Bisecting the county, Interstate 88 is now home to a variety of high-tech research and development firms as well as manufacturing, warehousing and distribution facilities, creating the need to reduce congestion in the area through increased travel options.

Commuting Trends

According to the county's Department of Economic Development and Planning, more than 87 percent of the county's workforce currently drives to work while 6.5 percent uses public transit. To reduce congestion and maintain its economic vitality, the county has been working with the RTA, its communities and the region's transit providers to increase the number of transportation options for its residents and workers.

Future Projects and Plans

With the support of the RTA's Regional Technical Assistance Program (RTAP), a comprehensive transit plan for DuPage County was completed in 2002 outlining a number of potential solutions to better connect public transit to the county's residents and workers. One proposal, included in the 2030 Regional Transportation Plan, is the "J Route," a bus rapid transit service linking O'Hare Airport, Schaumburg, Oak Brook, Naperville and Aurora.

In partnership with the Illinois Department of Transportation, the RTA is also managing the Cook-DuPage Corridor Study, a joint effort by the region's transportation planning agencies and more than 50 communities to examine the travel market and develop a spectrum of transportation solutions for the corridor.

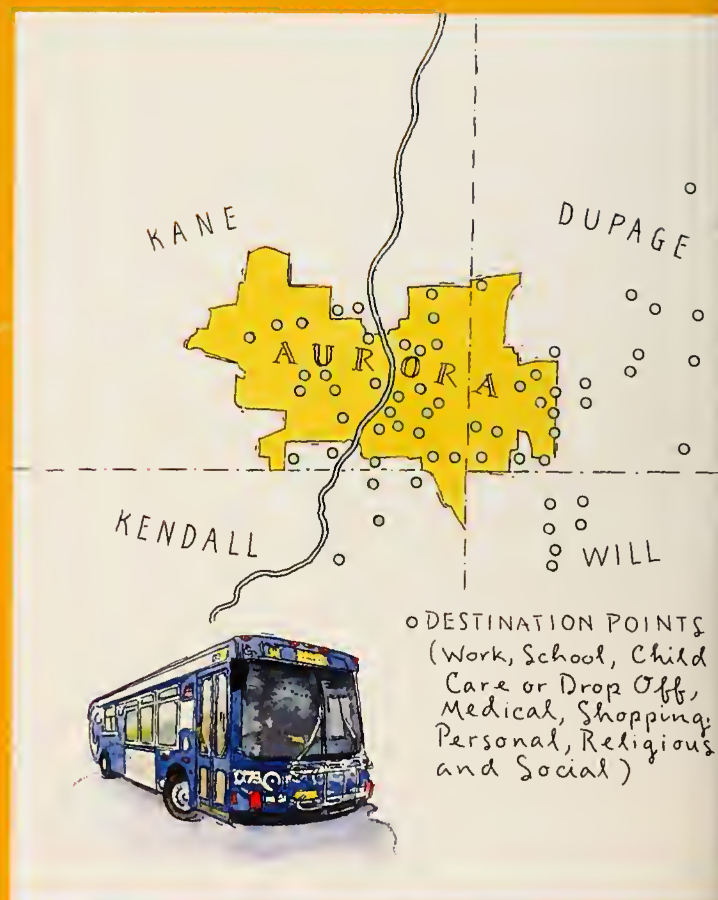
Additionally, in 2004, DuPage County and Pace unveiled Ride DuPage, consolidating dispatching and scheduling for more than 40 specialized transportation services. Ride DuPage provides a one-stop service for persons with disabilities, seniors and low-income families.

Kane

Creating Alternatives

"Transit is an essential tool to managing the growth that Kane County is experiencing. We need to plan for transit as development occurs so that we can mitigate congestion, improve air quality and provide transportation to those in need of an alternative to the single-occupancy vehicle."

Karen McConnaughey
Chairman
Kane County Board



Kane County Characteristics

Communities Served: 28
Average Weekday Ridership: 12,150
2004 Sales Tax Collected: $13.9 million

Kane is one of the fastest-growing counties in the nation, adding an estimated 50,000 new residents between 2000 and 2003 according to the U.S. Census Bureau. County leaders are working to maintain the county's open spaces despite development pressures. With the Fox River bisecting the eastern portion of the county and railroads connecting it to points east and west, transportation has played a significant role in the growth and development of Kane. The first rail line in northern Illinois crossed Elgin and Geneva. Aurora was also a major railroad center. Today, Metra service to Chicago on the Burlington Northern and UP-West lines is one of the factors attracting new residents.

Pace and the Village of Oswego established a park-n-ride facility in 2004 to connect commuters with trains in Aurora.

Aurora is a central transfer point for bus and train riders in Kane County.

At left: Pace's Fox Valley/ Southwest DuPage restructuring study evaluates current service and customer demand by determining where people are and where they need to go.

Passengers board a midday Chicago-bound Metra train at the Aurora Transportation Center. Pace's Fox Valley/ Southwest DuPage Initiative will result in restructured transit services that will be more efficient and effective, providing better transit linkages for commuters in Kane, DuPage and Will counties.

Commuting Trends

Nearly 80 percent of the county's resident commuters drive alone, according to the 2000 Census, while less than 3 percent of the county's commuters use public transit. Most transit in the county is geared toward those commuting to Chicago. The majority of Pace's current routes in Kane County focus on rush-hour connections to rail stations. In addition, most of the county's areas of new development are beyond the reach of the current bus and rail system. One effort to address this service gap has extended outside the region's traditional borders. In June 2004, Pace partnered with the village of Oswego in Kendall County to create a park-n-ride facility and shuttle riders to the Aurora Metra station.

Future Projects and Plans

Beginning in June 2004, Pace launched the Fox Valley Southwest DuPage Initiative to evaluate current service and identify specific market demands. Through an extensive public outreach program, Pace ensured that the study's subsequent recommendations would be community-driven. Implementation of recommendations is expected to being in mid-2005.

Construction continues on the extension of the Union Pacific West service to Elburn in the far western portion of the county. The extension is expected to begin service in 2005 with construction completed in late 2006 and will include stations in Elburn and LaFox.

As part of its Regional Technical Assistance Program, the RTA worked with the County on a transit opportunity assessment to evaluate existing and potential transit markets. The study identified two corridors (Randall/Orchard Road and Kirk Road) as candidates for transit services and transit-supportive land-use planning.

Lake

Creating Improvement

"Traffic congestion continues to be the top factor affecting quality of life for businesses and residents in Lake County. As we work to improve roads for drivers, we also need to provide commuting options ranging from bike paths to public transportation and help reduce congestion by giving people viable alternatives to driving."

Suzi Schmidt
Chairman
Lake County Board

Lake County Characteristics

Communities Served: 52
Average Weekday Ridership: 25,273
2004 Sales Tax Collected: $26.2 million

Lake County lives up to its name, from the shores of Lake Michigan that form its eastern border to the Chain O'Lakes area in the west. Early settlers were attracted to the county for both its rural and industrial potential. The county seat, Waukegan, developed as a port and manufacturing center shipping produce and grain from Lake and McHenry County farms by ship and rail. Today, Lake County is home to some of the region's top employers (Abbott Labs, Baxter, U.S. Navy) and some of its top attractions (Great America, Gurnee Mills, Illinois Beach State Park). Lake County offers its more than 644,000 residents variety from highly developed urban centers to wealthy suburbs to rural communities.

Pace is studying the potential for new employer-based shuttle services as part of the NCS expansion.

A newly planted cornfield borders the site of the future Grayslake Metra station.

At left: Grayslake is one of five new stations to be constructed as part of the expansion of Metra's North Central Service.

A Chicagoland Paving truck hauls dirt as the company prepares the site of the future parking lot for the Grayslake Metra station on the North Central Service (NCS). The Grayslake station is being added to the NCS as part of a $225.5 million capacity expansion that will double service on the line.

Commuting Trends

Sixty-five percent of Lake County's workforce lives in the county while 20 percent of its workers commutes from Cook County. The next highest numbers commute to the county's job sites from McHenry County and communities just north of the Wisconsin border. According to the 2000 census, nearly 90 percent of the county's resident workforce drives to work.

Future Projects and Plans

Maintaining and improving the county's roads and public transit options is essential for Lake County's continued viability and growth. With Metra's double-tracking of the North Central Service (NCS) scheduled for completion in late 2005, Pace, Metra, the Transportation Management Association (TMA) of Lake Cook, the RTA and IDOT are studying the feasibility of creating new employer-based shuttle routes from some NCS stations in Lake County. The TMA of Lake Cook has already worked with Pace in developing a highly effective shuttle bus service in the Lake-Cook Road corridor and hopes to duplicate this success along the NCS.

In 2002, the County, working with the RTA, completed the 2020 Transportation Priority Plan. The plan identified potential transit service improvements including extension and capacity expansion of Metra's Milwaukee District North Line. Improvements could include additional track and signal work to minimize freight interference and the creation of a new branch line from Rondout to Wadsworth. Additionally, the study identified potential bus corridors, multimodal hubs and new service along a portion of Metra's proposed STAR Line.

McHenry

Creating Community

"Without public transit to McHenry County, we would not have grown as we have and we would not continue to grow in the future. Our goal now is to look beyond what we currently have and plan appropriately so that access to transit grows alongside our communities."

Ken Koehler
Chairman
McHenry County Board

McHenry County Characteristics

Communities Served: 30
Average Weekday Ridership: 4,065
2004 Sales Tax Collected: $8.2 million

Formed in 1836, McHenry County has a rural character, reasonable housing prices and good schools that have made it an attractive place to live—so much so that the population has nearly doubled in the past two decades. Population projections for the year 2030 show that the county can expect this trend to continue and 160,000 more people to call it home.

A billboard shows plans to transform a former manufacturing site into a transit oriented housing development.

Redevelopment will better link Woodstock's historic town square to the train station.

At left: The Woodstock Transit-Oriented Development Study focused on integrating mobility improvements with the redevelopment of the vacant land near the Metra station.

Street signs are in place at a new townhome development adjacent to the Woodstock Metra Station. The RTA has long sponsored transit-oriented development studies to help communities capitalize on existing and future transit assets.

Commuting Trends

With nearly 62,000 residents commuting to jobs outside the county and fewer than 7 percent of this group using public transit, McHenry residents have one of the region's longest average commute times.

Limited transit options currently exist in the county, primarily Metra's UP-Northwest (UP-NW) Line with stations in Crystal Lake, McHenry, Woodstock and Harvard. Pace provides some bus and paratransit service. A survey conducted as part of the McHenry County Transit Plan shows that most commuters are driving to jobs in Lake, northwest Cook and Kane counties and that these commuters are the most interested in public transit options. However, despite the need to address mobility issues, many areas of the county do not yet have the population density to support traditional transit services.

Future Projects and Plans

In February 2004, McHenry County, with the assistance of the RTA and other transportation agencies, began work on the development of a county transit plan. The primary goals of this effort are to assess existing conditions, focus on the mobility needs of residents and employees and identify opportunities for transit. The 2030 Regional Transportation Plan also includes an extension of a branch of the UP-NW Line from McHenry to Richmond.

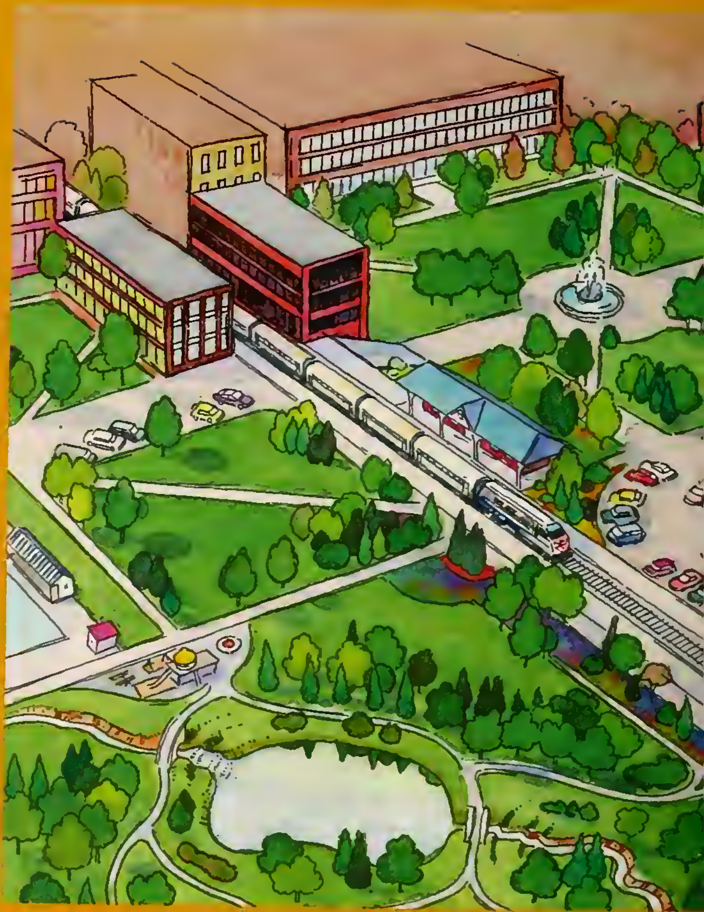
The Woodstock Transit-Oriented Development Study, a project partially funded by the RTA, focused on the creation of a new station area plan for the Woodstock Metra station, including a plan for the redevelopment of a vacant lot north of the station. A townhome development is now planned for the site.

Will

Creating the Future

"As Will County continues its unprecedented growth, it is critical that our residents have an efficient and reliable transportation network. The RTA's value, as Will County copes with this growth, is that it facilitates inter-jurisdictional planning to meet our ever-expanding transportation needs."

Lawrence M. Walsh
Will County Executive



Will County Characteristics

Communities Served: 36
Average Weekday Ridership: 10,710
2004 Sales Tax Collected: $15.4 million

The area that is now Will County was a favorite hunting ground for the Kaskaskia tribe of the Illini Nation. It had an abundant supply of water and timber, and travel was facilitated by the old Sauk Trail and by the Des Plaines, DuPage and Kankakee rivers. Today, Will County's affordable housing has made it one of the fastest-growing counties in the nation, gaining an additional 80,000 residents between 2000 and 2003 according to the U.S. Census. In 2004, Joliet was the 14th fastest-growing city in the nation. The county's growth trends continue to favor residential over commercial development.

Farm houses and outbuildings are the only current neighbors to Metra's New Lenox Station.

A new rail crossing awaits the start of commuter service along Metra's Southwest extension.

At left: "Transit Village" concept proposed as part of the RTA's New Lenox Station Area Plan.

The site of the future New Lenox Station is currently surrounded by farm fields. However, as part of the planning for Metra's extension of its Southwest Service to Manhattan, Illinois, New Lenox worked with the RTA to create a concept plan for a mixed-use development surrounding the train station, enabling the village to better control future development.

Commuting Trends

Nearly half of Will County's workforce travels to jobs in Cook and DuPage counties, and the majority does so by car. Only 4 percent of the county's commuters uses public transit. While three rail lines currently serve the county, two of the lines (Heritage Corridor and Rock Island) end in Joliet, and the third line (Metra Electric) has one station in Will County. Bus service is concentrated in the Joliet area with some service between Joliet and Naperville.

Future Projects and Plans

Will County's limited rail options are growing. Metra's expansion of the Southwest Service to Manhattan is well under way and slated for completion in December 2006. New stations at Laraway Road in New Lenox and Manhattan will provide more convenient transit access.

The County's 2020 Transportation Plan, developed with the RTA's assistance, recognizes the need to address the county's growth by introducing a more multimodal approach to transportation within the county, such as dial-a-ride and fixed-route bus services. Metra's proposed STAR Line outercircumferential service and proposed SouthEast Service, although currently only part of the region's long-range plan, will eventually provide residents with additional links to Chicago, employment centers in DuPage County and ultimately, the entire region.

Board of Directors

Creating Consensus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1 Jim Reilly, Chairman
2 Carole L. Brown, Chicago Transit Authority
3 Allan C. Carr, Suburban Cook County
4 Patrick Durante, DuPage County
5 Armando Gomez, City of Chicago
6 Dwight Magalis, Kane, Lake, McHenry and Will counties
7 Mary M. McDonald, Suburban Cook County
8 Fred T. L. Norris, Kane, Lake, McHenry and Will counties
9 Thomas H. Reece, City of Chicago
10 Michael Rosenberg, City of Chicago
11 Donald L. Totten, Suburban Cook County
12 Douglas M. Troiani, Suburban Cook County
13 Rev. Addie L. Wyatt, City of Chicago

Financials for Calendar Year 2004

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Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604

I have the pleasure to submit to you the Combining Financial Statements Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the year ending December 31, 2004. This Report fulfills the requirements of section 4.05 of the RTA Act.

This Report represents the operations of our transit system in the aggregate and not as individual components. It shows the magnitude of the resources on hand and in use for public transportation in the northeast Illinois region.

The RTA's independent accountants have compiled the Combining Financial Statements Report. They have not subjected these statements to audit. The audited financial statement of each individual organization is available upon request.

As always, the RTA staff acknowledges the commitment by the RTA Board and the Service Boards to fiscal responsibility, to ensure financially sound public transportation in northeastern Illinois.

J G Costello

Joseph G. Costello
Chief Financial Officer
Regional Transportation Authority
June 14, 2005

Board of Directors
Regional Transportation Authority
175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604

We have compiled the accompanying combining financial statements of the Regional Transportation Authority and Service Boards as of December 31, 2004, and for the year then ended, and the supplementary and statistical information listed in the foregoing table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The supplementary and statistical information is presented only for purposes of additional analysis and is not a required part of the basic financial statements.

A compilation is limited to presenting, in the form of financial statements and supplementary and statistical information, information that is the representation of management. We have not audited or reviewed the accompanying combining statements and, accordingly, we do not express an opinion or any other form of assurance on them.

Deloitte & Touche LLP

June 14, 2005

December 31, 2004 In thousands	RTA Government-Wide Funds	Service Boards Chicago Transit Authority	Service Boards Commuter Rail Division	Service Boards Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Total Combined
Assets							
Current Assets							
Cash and investments							
Externally restricted – investments	$ 64,727						64,727
Restricted – cash and cash equivalents	17,725			17,701			35,426
Unrestricted – cash and cash equivalents		1,085	58,196	7,461			66,742
Restricted – investments	588,186						588,186
Unrestricted – investments	62,491	29,182					91,673
Unamortized bond issue costs	467						467
Receivables							
Intergovernmental receivables	79,511						79,511
Grant projects		3,440	62,010	2,375		20,478	47,347
RTA financial assistance		90,304	42,388	22,393		27,805	127,280
Other carriers			1,240				1,240
Other receivables		94,165	7,781	3,213		1,432	103,727
Interest on investments	918						918
Materials and supplies		85,978	11,214	4,318			101,510
Prepaid expenses	7,302	4,947	3,187	1,074			16,510
Due from pension fund	22						22
Total Current Assets	$ 821,349	309,101	186,016	58,535		49,715	1,325,286
Fixed Assets							
Plant, property and equipment	8,189	6,117,988	3,915,644	472,145			10,513,966
Capital projects in progress			442,679	1,609			444,288
Less accumulated depreciation	(2,560)	(3,140,971)	(1,852,061)	(289,105)			(5,284,697)
Total Fixed Assets	$ 5,629	2,977,017	2,506,262	184,649			5,673,557
Other Assets							
Unamortized bond issue costs	10,939	9,630					20,569
Investment relating to employee pension benefits plan		30,318					30,318
Restricted assets		449,818					449,818
Intangible assets			2,000				2,000
Amount due under sale/leaseback		1,628,304	281,352	103,471			2,013,127
Total Other Assets	$ 10,939	2,118,070	283,352	103,471			2,515,832
Total Assets	$ 837,917	5,404,188	2,975,630	346,655		49,715	9,514,675

December 31, 2004 In thousands	RTA Government-Wide Funds	Service Boards Chicago Transit Authority	Service Boards Commuter Rail Division	Service Boards Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Total Combined
Liabilities							
Current Liabilities							
Vouchers payable	$ 13	77,913	64,308	1,940			144,174
Accrued interest payable		3,701					3,701
Intergovernmental payables	56,726				48,283		8,443
Due to pension trust fund	572						572
Current portion of general obligation bonds payable	49,570						49,570
Current portion of unamortized bond premium	5,318						5,318
Other current liabilities							
Accrued other expenses	6,229	82,003	29,713	12,653	1,432		129,166
Unrealized revenue, capital grant		51,982					51,982
Deferred revenue, assistance and other	32,993	36,292	6,691	519			76,495
Capital lease obligation		99,683	17,193	12,444			129,320
Claims liability		63,990	9,166	10,210			83,366
Total Current Liabilities	$ 151,421	415,564	127,071	37,766	49,715		682,107
Long-Term Liabilities							
General obligation bonds payable	2,152,345	375,435					2,527,780
Claims liability		96,352	28,215	8,273			132,840
Accrued interest payable	32,402						32,402
Capital lease obligation		1,624,116	264,159	91,027			1,979,302
Premium on capital lease payable		7,365					7,365
Deferred revenue	44,238	50,022					94,260
Accrued pension cost		799,362					799,362
Unamortized bond premium	130,882	30,307					161,189
Deferred rent	928						928
Other long-term liabilities	1,000	5,011		6,514			12,525
Total Long-Term Liabilities	$ 2,361,795	2,987,970	292,374	105,814			5,747,953
Total Liabilities	$ 2,513,216	3,403,534	419,445	143,580	49,715		6,430,060
Net Assets (Deficit)							
Invested in capital assets	5,629	2,753,262	2,506,262	184,649			5,449,802
Retained earnings			49,923				49,923
Fund equity restricted for:							
Service Boards capital	529,020						529,020
Debt service	18,380						18,380
Payment on obligations and others		83,640					83,640
Accumulated unrestricted (deficit)	(2,228,328)	(836,248)		18,426	1,078,825	1,078,825	(3,046,150)
Total Net Assets (Deficit)	$(1,675,299)	2,000,654	2,556,185	203,075	1,078,825	1,078,825	3,084,615

See Notes to Combining Financial Statements and independent accountants' compilation report.

Year Ended December 31, 2004 In thousands	RTA Government-Wide Funds	Service Boards Chicago Transit Authority	Service Boards Commuter Rail Division	Service Boards Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Total Combined
Revenues							
Service Boards operating revenues	$	432,619	244,780	51,451	872		727,978
Sales taxes	101,344					574,284	675,628
Interest on sales taxes	53						53
Public Transportation Fund	170,397						170,397
State assistance	86,785						86,785
Investment income	28,207						28,207
Capital farebox financing			9,076				9,076
Program revenues and others	2,880						2,880
Total Revenues	$ 389,666	432,619	253,856	51,451	872	574,284	1,701,004
Expenses							
Operating expenses		1,125,934	466,212	147,221		810	1,738,557
Depreciation		349,162	172,670	33,036			554,868
Financial assistance to Service Boards	179,799					179,799	
Capital grants—discretionary	33,768					33,768	
Capital grants—bonds	290,102					290,102	
Insurance (JSIF)	5,319						5,319
Administrative expenses	6,553						6,553
Regional expenses	14,781					62	14,719
Technology program	3,265						3,265
Bond-related expenses	114,574						114,574
Total Expenses	$ 648,161	1,475,096	638,882	180,257		504,541	2,437,855
Operating Loss	$ (258,495)	(1,042,477)	(385,026)	(128,806)	872	1,078,825	(736,851)
Nonoperating Revenue (Expense)							
RTA financial assistance		441,603	233,429	79,052	754,084		
Leasehold revenue		4,262					4,262
Interest revenue from leasing transactions		121,272	18,191	6,747			146,210
Interest expense on leasing transactions		(115,696)	(18,191)	(6,747)			(140,634)
Interest expense on bond transactions		(2,635)					(2,635)
Other public funding		60,859	175,567	9,439			245,865
Capital grants		490,402	210,632	18,840	323,869		396,005
Investment income		3,288		438			3,726
Gain on sale of assets		389					389
Total Nonoperating Revenue (Expense)	$	1,003,744	619,628	107,769	1,077,953		653,188
Changes in Net Assets	$ (258,495)	(38,733)	234,602	(21,037)	1,078,825	1,078,825	(83,663)
Investment in capital grant properties			(7,999)				(7,999)
Net Assets (Deficit)							
Beginning of year	$(1,416,804)	2,039,387	2,329,582	224,112			3,176,277
End of year	$(1,675,299)	2,000,654	2,556,185	203,075	1,078,825	1,078,825	3,084,615

See Notes to Combining Financial Statements and independent accountants' compilation report.

Year Ended December 31, 2004 In thousands		RTA Joint Self-Insurance Fund	Chicago Transit Authority	Service Boards Commuter Rail Division	Service Boards Suburban Bus Division	Total Combined
Cash Flows From Operating Activities						
Fares received from passengers	$		402,991	191,763	45,807	640,561
Payments to employees			(703,356)	(208,801)	(80,107)	(992,264)
Payments to vendors		(4,550)	(280,390)	(251,082)	(61,912)	(597,934)
Other receipts and payments		(28)	53,013	54,482	5,255	112,722
Net Cash From Operating Activities	$	(4,578)	(527,742)	(213,638)	(90,957)	(836,915)
Cash Flows From Noncapital Financing Activities						
Financial assistance—operating			512,824	242,851	91,569	847,244
Net Cash From Noncapital Financing Activities	$		512,824	242,851	91,569	847,244
Cash Flows From Capital and Related Financing Activities						
Interest income from assets restricted for payment of leasehold obligations			121,272			121,272
Interest expense on leasehold obligations			(115,696)			(115,696)
Increase in assets restricted for payment of leasehold obligations			49,598		7,094	56,692
Payments of capital lease obligations			(55,173)		(7,094)	(62,267)
Financial assistance—grant projects			463,260	378,145	24,288	865,693
Proceeds from the sale of property and equipment			421			421
Bond proceeds (net)			189,424			189,424
Payments for capital acquisition			(492,354)	(403,761)	(24,747)	(920,862)
Net Cash From Capital and Related Financing Activities	$		160,752	(25,616)	(459)	134,677
Cash Flows From Investing Activities						
Increase in investment		863				863
Investment income		492	3,288	1,145	418	5,343
Sales and purchases of investments—net			(171,437)	1,980		(169,457)
Net Cash From Investing Activities	$	1,355	(168,149)	3,125	418	(163,251)
Net Increase (Decrease) in Cash and Cash Equivalents		(3,223)	(22,315)	6,722	571	(18,245)
Cash and Cash Equivalents—Beginning of year		20,948	23,400	51,474	24,591	120,413
Cash and Cash Equivalents—End of year	$	17,725	1,085	58,196	25,162	102,168
Reconciliation of Operating Activities						
Net loss from operations		(5,319)	(1,042,477)	(385,026)	(128,806)	(1,561,628)
Adjustments to reconcile operating loss to net cash from operating activities:						
Depreciation			349,162	172,670	33,036	554,868
Claims provision and settlement				2,474		2,474
State reduced fare assistance				(2,959)		(2,959)
Interest and dividends received				(1,145)		(1,145)
Changes in current assets and liabilities		741	165,573	348	4,813	171,475
Net Cash Flows From Operating Activities	$	(4,578)	(527,742)	(213,638)	(90,957)	(836,915)

Note 1. Basis of Accounting

The accompanying combining financial statements are presented as required by the Regional Transportation Authority ("RTA") Act ("Act") and are not intended to be presented in accordance with accounting principles generally accepted in the United States.

Intergovernmental receivables, payables, revenues, expenses, and expenditures have been eliminated in the Combining Adjustments columns; however, there are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these combining financial statements, such differences are recorded as combining adjustments to net assets.

The columns presenting the combined balances for the RTA and Service Boards are statutorily required and do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States.

Note 2. Organizational Structure

RTA

The RTA was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois Region ("Region"). The operating responsibilities of the RTA are set forth in the Act. The RTA is a unit of local government, body politic, political subdivision, and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. However, in 1983, the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning, funding, and oversight entity. The reorganization placed all operating responsibilities in the Chicago Transit Authority ("CTA") and two operating divisions of the RTA: the Commuter Rail Division ("Metra") and the Suburban Bus Division ("Pace"), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the Act as the "Service Boards."

The Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA system as a whole achieves annually a "system-generated revenues recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of transportation services. The Service Boards achieve their required recovery ratios by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA has the responsibility to monitor the budgets and financial performance of the Service Boards.

CTA

The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois Legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

Metra

The Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC), a public corporation, was established in 1980 to serve as the RTA's commuter rail service. The RTA Act, as amended effective November 9, 1983, established the Commuter Rail Division (CRD) to operate commuter rail transportation services. Both the NIRCRC and the CRD act under the registered service mark known as "Metra."

Metra has the responsibility for policy making with respect to actual day-to-day operations, capital investments, finances, fare levels, and service and facilities planning for its operations. Metra has responsibility for the administration of all commuter rail activities in the metropolitan Chicago area, including deficit funding, capital grant application, and administration activities. Metra is directly responsible for the operation and management of the Rock Island, Milwaukee Road, Metra Electric, Heritage Corridor, North Central Service, and Metra South West Service commuter lines.

Metra also provides commuter rail service under purchase of service agreements (PSA) with Union Pacific Railroad, Burlington Northern Santa Fe Railway Company, and Northern Indiana Commuter Transportation District. Under these agreements, Metra funds the commuter-related operating deficits (as defined), or is entitled to receive the commuter-related operating surpluses (as defined) of these carriers. In addition, Metra provides certain direct expenses such as fuel and insurance coverage considered to be "in-kind assistance." The title to the roadway and structure assets of the PSA carriers, other than capital improvements funded by federal and state agencies, the RTA, and Metra, is vested with the carriers. Accordingly, such assets are not reflected in these financial statements.

Pace

The RTA Act, as amended effective November 9, 1983, established the Suburban Bus Division (Pace) to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry, and Will. The independent operations of Pace commenced on July 1, 1984.

Pace determines the level, nature, and kind of public transportation services that should be provided in the suburban region. Pace operates suburban bus services using stock, structures, and equipment purchased through capital grants funded by federal and state agencies and the RTA.

Reporting Periods

The RTA, CTA, Metra, and Pace (the "Combined Entities") all report on a calendar-year basis. All statements enclosed herewith are based on each entity's December 31, 2004 year-end.

Note 3. Reporting Entity

The RTA and each of the Service Boards have adopted the provisions of the Governmental Accounting Standards Board ("GASB").

In the judgment of the management of each of the entities and their analysis and application of GASB criteria, while the RTA does exercise some fiscal oversight, the Service Boards are not part of the RTA reporting entity for the purpose of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards in the United States.

In arriving at this conclusion, the following factors were considered:

- The Service Boards maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including; ownership of assets, relations with Federal and State transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The Service Boards are also responsible for the purchase of services and approval of contracts relating to their operations.
- The RTA Board has control neither in the selection nor the appointment of any Service Board Director nor of any of its management. Further, directors of the Service Boards are excluded from serving on more than one entity's board of directors, including that of the RTA, except for the Chairman of the CTA Board of Directors who is also an RTA Board member.
- The Illinois statutes required the RTA Board to approve the budgets of the Service Boards if such budgets meet specified system-generated revenues recovery ratios and other requirements as defined by the Act.
- The RTA is not entitled to any Service Board surplus or responsible for any Service Board deficits.

Accordingly, financial statements for the Service Boards are not included or combined with the RTA's financial statements. They are combined, however, in these Combining Financial Statements. Section 4.05 of the RTA Act requires that the RTA prepare a report combining "the audits of the Service Boards, and reviewing the state of the Authority, the Service Boards, and the public transportation agencies."

Note 4. Summary of Significant Accounting Policies

The accounting policies of the Combined Entities conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of the significant policies:

Fund Accounting

The RTA maintains records using a fund accounting model consisting of a General Fund, Debt Service Fund, Capital Projects Fund, Proprietary Fund, (Business-Type Activities), Agency Fund, and Pension Trust Fund. All Governmental Funds and the Agency Fund are accounted for using the modified accrual method of accounting (i.e., revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred). The Proprietary Fund and Pension Trust Fund are accounted for using the accrual method of accounting. For the purpose of these combining financial statements, all RTA funds have been combined.

The Service Boards are accounted for on a Proprietary Fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these combining financial statements, the individual Service Board financial statements are combined with those of the RTA.

Cash and Cash Equivalents

All investments of the Combined Entities are recorded at fair value except short-term investments, which are reported at cost or amortized cost, which reasonably approximates fair value.

For the purposes of the combining statements of cash flows, the Combined Entities consider all investments with original maturities of three months or less to be cash equivalents. Such amounts are included in the "Cash and Cash Equivalents" line items on the accompanying balance sheet.

Fixed Assets

All fixed assets are recorded at cost. Costs funded by federal capital grants are recorded as capital items and are included in fixed assets. In calculating depreciation, the Combined Entities use the straight-line method. The estimated useful lives vary depending on the type of fixed asset. These useful lives range from more than one year to 40 years.

Materials and Supplies

Each Service Board records its inventory at the lower of cost or market. The CTA and Metra use the average-cost method. Pace uses the first-in, first-out method to determine cost.

Compensated Absences

All four entities have recorded liabilities for vested vacation time in the year the time was earned. The entities account for compensated absences under GASB Statement No. 16, *Accounting for Compensated Absences*, whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability.

Revenues

The Combined Entities have five principal sources of revenue and other financial sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, RTA Sales Taxes); (3) funds appropriated to the RTA by statute through the state's Public Transportation Fund ("PTF") established under the RTA Act; (4) state or federal grants, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Farebox Revenue

A major source of revenue to the Service Boards is fares collected from riders. Each Service Board has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Sales Tax

Sections 4.03 and 4.03.1 of the Regional Transportation Act, 70 ILCS 3615/4.03, authorizes the RTA to impose a series of taxes within the six-county metropolitan region by a vote of nine of its directors: a sales tax, a car rental tax, a motor fuel tax, an off-street parking tax, and a replacement vehicle tax.

The Act authorizes the RTA to impose a retailers' occupation tax ("ROT"), a service occupation tax ("SOT"), and a use tax ("UT"). The RTA imposed this tax at the maximum rate in 1979. All of the RTA sales taxes are collected by the Illinois Department of Revenue under procedures that are largely identical to the corresponding state sales taxes.

The ROT is imposed on the gross receipts from the sale of tangible personal property at a rate of 75% in Cook County and 25% in the collar counties. Except for the tax on food and drugs, the

RTA tax base is identical to the State retailers' occupation tax base. Consequently, when the state base is expanded or contracted by taxing or exempting receipts from specific transactions, e.g., the sale of computer software or rolling stock, the RTA tax base likewise expands or contracts. However, when the legislature exempted the sale of food and drugs from the state tax, the exemption was not extended to the RTA and other local government taxes. As a result the RTA tax on food and drugs is imposed at a rate of 1% throughout the six-county area.

The SOT is imposed on the gross receipts from the sale of tangible personal property as an incident to the sale of a service. The tax rate is identical to the ROT. The tax base is identical to the State service occupation tax base.

The UT is imposed on persons living in the six-county area for the privilege of using a vehicle purchased outside the six-county area that must be registered with the State. Unlike the State use tax, the RTA UT is limited to registered property, largely automobiles. The tax is imposed on the selling price of the property at the same rates as the ROT.

The RTA Sales Tax is collected by the Illinois Department of Revenue (the "Department of Revenue"), and paid to the Treasurer of the State to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly directly to the RTA, without appropriation, by the State Treasurer on the order of the State Comptroller.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the State and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax, and State Service Occupation Tax portions of the RTA Sales Tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the "Sales Tax Reform Act") aimed at simplifying the base and rate structure of taxes imposed by the State and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA Sales Tax in Cook County were reduced from 1% to 0.75%. In order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA Sales Tax, the Sales Tax Reform Act directed that portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax, and State Service Use Tax be paid to the RTA annually.

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the State but registered or titled with a State agency within the State (i.e., 0.25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the "CMTD Fund"). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (the Replacement Fund). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside the State but registered or titled with a State agency within the State, are deposited in the State and Local Sales Tax Reform Fund (the Reform Fund). Of the money paid into the Reform Fund, 10% is transferred into the Replacement Fund.

The Act provides that the RTA withhold 15% of the tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

Service Board	Collected Within Chicago	Collected Within Cook County Outside Chicago	Collected in DuPage, Kane, Lake, McHenry and Will Counties
CTA	100%	30%	
Metra		55	70%
Pace		15	30

The RTA recognizes as a receivable and revenue in the General Fund only the 15% of the total sales taxes collected to which it is entitled by the amended Act. The remaining portion of the sales tax is recorded in the Agency Fund. The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

Public Transportation Fund

In accordance with the Act, the State Treasurer is authorized and required to transfer from the State's General Revenue Fund to a special fund in the State Treasury designated the "Public Transportation Fund," an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes). These amounts may be paid to the RTA only upon State appropriation. The State has approved an appropriation from the PTF through its 2005 fiscal year, which will end on June 30, 2005.

None of the revenues from the PTF are payable to the RTA unless and until the RTA certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that it has adopted a budget and financial plan as called for by the Act. This certification has been submitted.

The amounts allocable to each of the Service Boards from funding received by the RTA from the State's PTF are allocated at the discretion of the RTA Board in connection with the review and approval of the annual and revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided that the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Reduced Fare Reimbursement

In the State's fiscal year 2004, which ends June 30, 2004, the Illinois General Assembly appropriated funds for a program under which the Illinois Department of Transportation ("IDOT") is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for a portion of actual revenue losses attributable to reduced fares for students, people with disabilities, and the elderly. For the State fiscal years ended June 30, 2004 and June 30, 2005, the grants were in the amount of $39 million and $40 million, respectively. This

revenue is recognized on the modified accrual basis when the amount is requested from IDOT.

Additional State Assistance/Additional Financial Assistance

The State has authorized Additional State Assistance ("ASA"), which is supplemental financing for the RTA's Strategic Capital Improvement Program ("SCIP") bonds. The ASA available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds plus any debt service savings from the issuance of refunding or advance refunding SCIP bonds, less interest earned on the remaining bond proceeds, or (ii) $55 million per year. The RTA recognized $39 million of ASA in 2004.

Beginning with the State's fiscal year 2001, the State has also authorized Additional Financial Assistance ("AFA") to pay for debt service requirements for SCIP bonds authorized under the Illinois FIRST Program. The amount available to the RTA during the State's July through June fiscal year is limited to the lesser of (i) the actual debt service payable during such year on any outstanding SCIP bonds less interest earned on those bond proceeds, or (ii) $73 million and $93 million in the State's fiscal year 2004 and 2005, respectively. The RTA recognized $48 million of AFA in 2004.

In accordance with the Act, earnings on certain investments in the Capital Projects Fund are credited to the Debt Service Fund. This is done to compensate for prior State fiscal year earnings reducing the actual ASA and AFA grant amounts.

Management's Use of Estimates

The preparation of financial statements in conformity with the Act requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 5. Budget and Budgetary Accounting

Section 4.01(a) of the Act requires the RTA to prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The Service Boards' proposed budgets are based on the RTA's estimate of funds that will be available to the Service Boards by or through the RTA's own budget. This budget is comprehensive and includes the activity in the general fund and sales tax agency fund.

The annual budget and related appropriations are prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States except for RTA capital expenditures and capital grants to Service Boards. The RTA capital expenditures and capital grants to Service Boards are budgeted on a project basis, which normally exceeds one year, and debt service payments, which are budgeted as transfers from the general fund. Budgets for RTA capital expenditures and capital grants to the Service Boards that extend beyond one year are presented in the first year of the grants and represent the total amounts awarded. In addition, for the sales tax agency fund, additions and deletions are treated as revenues and expenditures. All appropriations lapse at year-end. There was no budget amendment to the 2004 budget. Although appropriations are adopted for individual line items, the legal level of control (i.e., the level at which appropriation transfers or expenditures in excess of appropriated amounts require RTA Board approval) is restricted to total appropriations/expenditures and total administration appropriations/expenditures. Management has the authority to exceed any line item appropriation without Board approval, provided it does not exceed the total appropriations/expenditures and the total administration appropriations/expenditures. It is the policy of the RTA to fund the budgets of the Service Boards up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

- The first source of funds to be credited against the budgeted funding amount is from Federal Transit Administration ("FTA") operating assistance grants;
- The second source of funds to be credited against the budgeted funding amount is from 85% sales tax receipts;
- The third source of funds to be credited against the budgeted funding amount is from PTF receipts; and
- The fourth source of funds credited against the budgeted funding amount is from RTA 15% sales tax receipts and other discretionary receipts.

The reimbursement of the Service Boards' capital expenditures and the payment of PTF funds, 15% funds, and other discretionary funds of the RTA shall be made under the terms and conditions of grant agreements governing such expenditures.

Note 6. Leases

The RTA and CTA hold operating leases that are primarily for rent expense on the facilities they occupy. Metra has several operating leases, primarily for the use of passenger terminals. Pace has multiyear leases for vehicles and bus tires.

Metra

On September 18, 1998, Metra entered into a transaction to lease 174 railcars to three equity investors ("headlease") and simultaneously subleased the railcars back ("sublease"). Under these agreements, Metra maintains the right to use the railcars and is also responsible for their continued maintenance and insurance. Metra's sublease arrangements have been recorded as long-term obligations for accounting purposes. At closing, the railcars had a fair market value of approximately $296.9 million and a book value of $262.9 million. As part of the headlease agreements, Metra received prepayments equivalent to the net present value of the headlease obligations totaling approximately $274 million. Metra transferred approximately $177.4 million and $52.9 million of the prepayment proceeds to third parties, in accordance with the terms of debt and equity payment undertaking agreements, respectively. These agreements constitute commitments by the debt and equity payment undertakers to pay Metra's sublease and buy-out options, under the terms of the subleases. The debt payment undertaker and equity payment undertaker are finance companies. The debt payment undertaker is non-rated, and the equity payment undertaker has AAA and Aaa bond ratings from Standard & Poor's and Moody's, respectively. Both finance companies' performance under the agreement is guaranteed by their parent company, which carries the same bond ratings. In connection with the transaction, Metra recognized

$43.7 million as leasehold revenue in 1998. The net present value of the future payments due under the subleases has been recorded as a liability on the accompanying balance sheet. Since the debt and equity payment undertaking agreements have been structured to meet all future obligations under the subleases, the related asset balances have been recorded to equal the sublease liabilities on the accompanying balance sheet.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum payments due

Year	Payment
2005	$ 17,193,268
2006	17,193,268
2007	17,193,268
2008	25,239,685
2009 – 2013	112,271,091
Thereafter	359,120,175
Total future minimum payments	548,210,755
Less imputed interest	(266,858,394)
Present value of minimum lease payments	$ 281,352,361

The present value of minimum lease payments of the Metra lease is $281.3 million, which is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

Pace

During 2003, Pace entered into a lease and leaseback agreement with a third party pertaining to certain buses (lot 1, 2, and 3,) with a book value of $45.5 million as of December 31, 2004. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease. Also, in 2003, Pace entered into a lease and leaseback agreement with a third party pertaining to certain buses (lot 4) with a book value of $24.6 million as of December 31, 2004. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, Pace entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to Pace under a sublease.

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum payments due

Year	Payment
2005	$ 12,444,395
2006	4,072,866
2007	25,876,035
2008	
2009	
Thereafter	125,838,453
Total future minimum payments	168,231,749
Less interest	(64,760,852)
Present value of minimum lease payments	$ 103,470,897

The present value of the future payments including the purchase option to be made by Pace under these leases is approximately $69.9 million and $33.6 million, respectively, and is reflected in the accompanying December 31, 2004 statement of net assets as the total of the current and long-term portions of the capital lease obligation.

CTA

In 2003, the CTA issued Public Building Commission of Chicago ("PBC") Building Revenue Bonds in the amount of $119,020,000. The bonds were issued to pay costs associated with the acquisition of real property and construction of a building and facilities, including certain furniture, fixtures, and equipment that are owned by the Commission and leased to the CTA, for use as its headquarters. The bonds are payable from and secured by the lease entered into between the Commission and the CTA in March 2003 and is considered a general obligation of the CTA payable from any lawfully available funds.

The following table sets forth the aggregate amounts due under the capital lease agreement:

Future minimum payments due

Year	Payment
2005	$ 9,945,000
2006	9,847,000
2007	9,891,000
2008	9,922,000
2009	9,713,000
Thereafter	137,911,000
Total future minimum payments	$ 187,229,000

The present value of the future payments to be made by the CTA under the lease of approximately $119 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

In 2003, the CTA entered into a lease/leaseback agreement with a third party pertaining to certain buses, with a book value of $14.6 million as of December 31, 2004. Under the bus lease agreement, which provides certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease.

Under the sublease, the CTA is required to make the following payments:

Future minimum payments due

Year	Payment
2005	$ 1,294,000
2006	1,362,000
2007	9,373,000
2008	
2009	
Thereafter	27,104,000
Total future minimum payments	$ 39,133,000

The present value of the future payments to be made by the CTA under the lease of approximately $24.5 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

During 2002, the CTA entered into two lease and leaseback agreements with a third party pertaining to certain buses (lot 1 and 2) with a book value of $73.5 million as of December 31,

2004. Under the bus lease agreements, which provide certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to the CTA under a sublease.

Under the sublease, the CTA is required to make the following payments:

Future minimum payments due

Year	Payment
2005	$
2006	
2007	
2008	
2009	767,000
Thereafter	146,757,000
Total future minimum payments	$ 147,524,000

The present value of the future payments to be made by CTA under the lease of approximately $91.7 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

During 2002, the CTA entered into a lease and leaseback agreement with a third party pertaining to certain qualified technological equipment ("QTE"), with a book value of $39.3 million as of December 31, 2004. Under the QTE lease agreement, which provides certain cash and tax benefits to the third party, the CTA entered into a long-term lease for applicable assets with a trust, established by the equity investor, in which the trust concurrently leased the respective assets back to CTA under a sublease.

Under the sublease, the CTA is required to make the following payments:

Future minimum payments due

Year	Payment
2005	$ 6,928,000
2006	6,928,000
2007	6,928,000
2008	103,094,000
2009	
Thereafter	159,009,000
Total future minimum payments	$ 282,887,000

The present value of the future payments to be made by the CTA under the lease of approximately $162.8 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

During 1998, the CTA entered into a lease/leaseback agreement ("1998 Agreement") with a third party pertaining to a rail line ("Green Line"), with a book value of $317.9 million as of December 31, 2004. The 1998 Agreement, which provides certain cash and tax benefits to the third party, also provides for a trust established by the CTA to lease the rail line to an equity investor trust ("1998 Equity Trust"), which would then lease the facilities back to another trust established by the CTA under a separate lease ("1998 Lease").

Under the 1998 Lease, the CTA is required to make the following payments:

Future minimum payments due

Year	Payment
2005	$ 23,864,000
2006	12,835,000
2007	24,853,000
2008	38,184,000
2009	25,884,000
Thereafter	195,920,693
Total future minimum payments	$ 321,540,693

The present value of the future payments to be made to CTA under the lease of approximately $276.3 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

During 1997, the CTA entered into four lease/leaseback agreements ("1997 Agreements") with a third party pertaining to certain of its facilities, having a book value of $57.8 million as of December 31, 2004. The 1997 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust established by the CTA to lease the facilities to an equity investor trust ("Equity Trust"), which would then lease the facilities back to another trust established by the CTA under separate leases ("Leases").

During 1997, the CTA received certain funds as prepayments by the Equity Trust. The funds have been deposited in designated investment accounts sufficient to meet the payments required under the Leases, and are recorded as assets restricted for repayment of leasing commitments. The Equity Trust has a security interest in the deposits to guarantee the payments due from the CTA and may take possession of the facilities upon a default by the CTA under the Lease.

Under the Leases, the CTA is required to make the following annual rental payments:

Future minimum payments due

Year	Payment
2005	$
2006	
2007	
2008	
2009	
Thereafter	614,300,000
Total future minimum payments	$ 614,300,000

The present value of the future payments to be made by the CTA under the Leases (net of the payment due from the Equity Trust in 2022 and 2023) of approximately $26.1 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

In connection with the 1997 Agreements, the CTA also received proceeds of $11.9 million. The Federal Transit Administration ("FTA") has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1996, the CTA entered into similar lease/leaseback agreements ("1996 Agreements") with a third party pertaining to certain of its facilities, with a book value of $63.2 million as of December 31, 2004. The 1996 Agreements, which provide certain cash and tax benefits to the third party, also provide for a trust

established by the CTA to lease the facilities to an equity investor trust ("1996 Equity Trust"), which would then lease the facilities back to another trust established by the CTA under a separate lease ("1996 Lease").

Under the 1996 Lease, the CTA is required to make a payment at the end of the initial term (in the year 2024) of $653.5 million, which is fully defeased from the Equity Trust and final headlease payment. The present value of the future payments to be made by the CTA under the leases (net of the payment due from the 1996 Equity Trust in 2024) of approximately $26.4 million is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

In connection with the 1996 Agreements, the CTA also received proceeds of $10.9 million and agreed to make approximately $80.0 million of improvements to one of the facilities. The FTA has approved the CTA's right to the benefit received from these transactions. The CTA has elected to defer recognition of the proceeds over the remaining lease term.

During 1995, the CTA entered into sale/leaseback agreements ("1995 Agreements") with third parties. The 1995 Agreements provided for the CTA to sell and lease back certain rail equipment totaling $487.1 million at cost for a period of 19 years beginning on the date of the respective transaction. As of December 31, 2004, the total payments due under the 1995 Agreements are recorded as a capital lease obligation totaling $996.9 million. The CTA has deposited funds into designated cash and investment accounts sufficient to meet all of its payment obligations throughout the terms of the leases, and recorded such amounts as assets restricted for repayment of leasing commitments.

The present value of all future payments to be made by CTA under all its leases of approximately $1.724 billion is reflected in the accompanying December 31, 2004 statement of net assets as a capital lease obligation.

Note 7. Commitments and Contingencies

Each of the entities has various commitments that have arisen in the normal course of operations. None is expected to have a material adverse impact on its financial position as presented.

Each of the entities has also established liabilities for potential legal judgments to satisfy claims against the entity.

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the RTA and the Service Boards over certain established limits.

Note 8. Cash and Investments

The applicable statutory provisions governing the investment of public funds are found in 30 ILCS 235/0.01, et seq. Each of the Combined Entities has established its own investment policy that is in line with the State statute, or, in some cases, more restrictive.

The Combined Entities have on hand as of December 31, 2004, $847 million of cash and investments. Of this amount, $624 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects. In addition, CTA, Metra, and Pace hold $2.5 billion of investments in other assets for employee pension benefits, damage liabilities, and capital lease obligations, which are recorded as other assets in the financial statements.

Note 9. General Obligation Bonds Payable

Changes during the year in bonds payable were as follows:

General Obligation	January 1, 2004	New Issues	Current Retirements	December 31, 2004
1990A	$ 60,795,000			60,795,000
1991A	55,745,000			55,745,000
1992A* and 1992B	62,200,000		4,835,000	57,365,000
1994A* and 1994B	34,365,000		5,645,000	28,720,000
1994C* and 1994D	76,835,000		3,240,000	73,595,000
1996 Refunding	147,430,000		660,000	146,770,000
1997 Refunding	88,025,000		3,980,000	84,045,000
1999* Refunding	291,955,000		645,000	291,310,000
2000A*	252,545,000		4,030,000	248,515,000
2001A*	97,135,000		1,535,000	95,600,000
2001B Refunding	37,220,000		1,340,000	35,880,000
2002A*	157,760,000		2,325,000	155,435,000
2002B	191,280,000		8,900,000	182,380,000
2003A*	260,000,000		550,000	259,450,000
2003B	150,000,000			150,000,000
2003C Refunding	19,055,000		2,745,000	16,310,000
2004A*		260,000,000		260,000,000
Total	$ 1,982,345,000	260,000,000	40,430,000	2,201,915,000

*Strategic Capital Improvement Program (SCIP) Bonds

At December 31, 2004, the total general obligation bonds payable of $2,201,915,000 are classified as current and long-term in the Statement of Net Assets in the amounts of $49,570,000 and $2,152,345,000, respectively.

Advance Refundings

On June 21, 1993, the RTA advance refunded a portion of its 1990A Series general obligation bond issue. The RTA issued $23,265,000 of general obligation refunding bonds (1993C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, $20,350,000 of outstanding general obligation bonds (1990A Series) are considered defeased, and therefore, have been removed from the financial statements.

On January 19, 1996, the RTA advance refunded a portion of its 1994B and 1994D Series general obligation bond issues. The RTA issued $151,235,000 of general obligation refunding bonds (1996 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, $60,300,000 of outstanding general obligation bonds (1994B Series) and $75,605,000 of outstanding general obligation bonds (1994D Series) are considered defeased, and therefore, have been removed from the financial statements.

On September 18, 1997, the RTA advance refunded a portion of its 1990A, 1991A, 1992B, and 1993B Series general obligation bond issues. The RTA issued $98,385,000 of general obligation refunding bonds (1997 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, $4,230,000 of outstanding general obligation bonds (1990A Series), $29,265,000 of outstanding general obligation bonds (1991A Series), $18,170,000 of outstanding general obligation bonds (1992B Series), and $47,465,000 of outstanding general obligation bonds (1993B Series) are considered defeased, and therefore, have been removed from the financial statements.

On August 24, 1999, the RTA advance refunded a portion of its 1992A, 1993A, 1994A, and 1994C Series general obligation bond issues. The RTA issued $298,725,000 of general obligation refunding bonds (1999 Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, $113,895,000 of outstanding general obligation bonds (1992A Series), $9,720,000 of outstanding general obligation bonds (1993A), $142,615,000 of outstanding general obligation bonds (1994A), and $21,955,000 of outstanding general obligation bonds (1994C) are considered defeased, and therefore, have been removed from the financial statements.

On March 1, 2001, the RTA advance refunded a portion of its 1993A Series general obligation bond issues. The RTA issued $37,715,000 of general obligation refunding bonds (2001B Series). Proceeds from the issuance amounted to $40,437,798, which includes a premium of $2,554,206. The proceeds are to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, $37,750,000 of outstanding general obligation bonds (1993A) are considered defeased, and therefore, have been removed from the financial statements.

On May 1, 2003, the RTA advance refunded a portion of its 1993C Series general obligation bond issues. The RTA issued $19,055,000 of general obligation refunding bonds (2003C Series) to provide resources to fund an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. At December 31, 2004, $19,150,000 of outstanding general obligation bonds (1993C) are considered defeased, and therefore, have been removed from the financial statements.

Debt Service Requirements

The "debt service requirements" set forth in the following tables represent payments due the trustee from the RTA, as required by the respective bond agreements. Differences, if any, between debt service amounts presented in the following tables and the amounts presented in the financial statements represent timing differences. Also, investment income earned in the capital projects and debt service accounts may lower actual cash transfers from the General Fund.

1990 General Obligation Bonds

In May 1990, the RTA issued $100 million in General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the Service Boards.

The Series 1990A Bonds mature on November 1 over a 30-year period and interest is payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semiannually thereafter on May 1 and November 1 in each remaining year.

Debt service requirements on the Series 1990A Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$	4,377,240	4,377,240
2006		4,377,240	4,377,240
2007		4,377,240	4,377,240
2008		4,377,240	4,377,240
2009		4,377,240	4,377,240
2010–2014	22,005,000	18,937,800	40,942,800
2015–2019	31,150,000	9,789,840	40,939,840
2020	7,640,000	550,080	8,190,080
Total	$ 60,795,000	51,163,920	111,958,920

1991 General Obligation Bonds

In November 1991, the RTA issued $100 million in General Obligation Bonds, Series 1991A, to replenish the Capital Projects Fund and to provide the source for paying costs of the Capital Program for the Service Boards.

The Series 1991A Bonds mature on November 1 over a 30-year period and interest is payable at rates ranging from 4.85% to 6.55% on May 1, 1992 and semiannually thereafter on November 1 and May 1 in each remaining year.

Debt service requirements on the 1991A Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$	3,734,916	3,734,916
2006		3,734,914	3,734,914
2007		3,734,914	3,734,914
2008		3,734,915	3,734,915
2009		3,734,915	3,734,915
2010–2014	13,115,000	17,834,059	30,949,059
2015–2019	28,420,000	10,719,665	39,139,665
2020–2021	14,210,000	1,443,515	15,653,515
Total	$ 55,745,000	48,671,813	104,416,813

1992 General Obligation Bonds

In June 1992, the RTA issued $188 million in General Obligation Bonds, Series 1992A, to pay the cost of purchasing and reconstructing railcars for Metra. The RTA also issued $30 million in General Obligation Bonds, Series 1992B, to pay the costs of reconstruction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 1992A and 1992B Bonds mature on June 1 over a 30-year period and interest is payable at rates ranging from 5.30% to 9.00% on December 1, 1992 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1992A and 1992B Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 5,220,000	4,208,481	9,428,481
2006	5,710,000	3,712,221	9,422,221
2007	6,250,000	3,169,161	9,419,161
2008	6,840,000	2,554,801	9,394,801
2009	7,480,000	1,924,641	9,404,641
2010–2022	25,865,000	1,567,559	27,432,559
Total	$ 57,365,000	17,136,864	74,501,864

1994 General Obligation Bonds

In May 1994, the RTA issued $195 million in General Obligation Bonds, Series 1994A, to pay the costs of purchasing and reconstructing railcars for Metra. Proceeds of Series 1994A Bonds may also be used to purchase new paratransit vehicles for Pace and for rehabilitation of railcars for the CTA. The RTA also issued $80 million in General Obligation Bonds, Series 1994B, to pay the costs of reconstruction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 1994A and 1994B Bonds mature on June 1 over a 30-year period and interest is payable at rates ranging from 3.75% to 8.00% on December 1, 1994 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994A and 1994B Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 4,325,000	2,077,025	6,402,025
2006		1,951,599	1,951,599
2007		1,951,600	1,951,600
2008		1,951,600	1,951,600
2009		1,951,600	1,951,600
2010 – 2024	24,395,000	13,699,000	38,094,000
Total	$ 28,720,000	23,582,424	52,302,424

In December 1994, the RTA issued $62 million in General Obligation Bonds, Series 1994C, to pay for capital projects of the Service Boards required by the ADA for vehicle rehabilitation and the construction or renewal of support facilities. The RTA also issued $130 million in General Obligation Bonds, Series 1994D, to pay for portions of the CTA's rehabilitation of the Green Line elevated structure, track replacement, and repair or replacement of bus supporting services, and for Pace's construction of bus garages and purchase of new buses and paratransit vehicles.

The 1994C and 1994D Bonds mature on June 1 over a 30-year period and interest is payable at rates ranging from 5.30% to 7.75% on June 1, 1995 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1994C and 1994D Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 3,505,000	5,567,794	9,072,794
2006	3,790,000	5,285,112	9,075,112
2007	4,095,000	4,979,569	9,074,569
2008	4,420,000	4,649,612	9,069,612
2009	1,500,000	4,420,213	5,920,213
2010 – 2014	9,515,000	20,081,219	29,596,219
2015 – 2019	43,250,000	10,262,937	53,512,937
2020 – 2025	3,520,000	136,401	3,656,401
Total	$ 73,595,000	55,382,857	128,977,857

1996 General Obligation Refunding Bonds

In January 1996, the RTA issued $151 million in General Obligation Bonds, Series 1996, to provide funds to refund in advance of maturity the RTA's outstanding Series 1994B Bonds, maturing June 1 in the years 2005-2009, 2012, 2015, and 2024, in the aggregate amount of $60 million and Series 1994D Bonds, maturing June 1 in the years 2009-2014 and 2025, in the aggregate amount of $76 million.

The Series 1996 Refunding Bonds mature on June 1 over a 22-year period and interest is payable at rates ranging from 5.125% to 5.50% on June 1, 1996 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1996A Refunding Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 2,470,000	7,967,813	10,437,813
2006	2,590,000	7,838,150	10,428,150
2007	2,725,000	7,701,953	10,426,953
2008	2,865,000	7,558,709	10,423,709
2009	6,280,000	7,324,369	13,604,369
2010 – 2014	36,845,000	31,132,092	67,977,092
2015 – 2019	13,860,000	24,420,870	38,280,870
2020 – 2024	68,975,000	12,931,660	81,906,660
2025	10,160,000	284,480	10,444,480
Total	$ 146,770,000	107,160,096	253,930,096

1997 General Obligation Refunding Bonds

In September 1997, the RTA issued $98 million in General Obligation Bonds, Series 1997, to provide funds to refund in advance of maturity the RTA's outstanding Series 1990A Bonds, maturing November 1 in the years 2001-2002, in the aggregate amount of $4 million, Series 1991A Bonds, maturing November 1 in the years 2002-2006, 2008, and 2011, in the aggregate amount of $29 million, Series 1992B Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $18 million, and Series 1993B Bonds, maturing June 1 in the years 2004-2009, 2013, and 2023, in the aggregate amount of $47 million.

The Series 1997 Refunding Bonds mature on June 1 over a 26-year period and interest is payable at rates ranging from 4.00% to 6.00% on December 1, 1997 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1997A Refunding bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 4,190,000	4,690,350	8,880,350
2006	4,400,000	4,475,600	8,875,600
2007	4,625,000	4,249,975	8,874,975
2008	4,875,000	4,000,288	8,875,288
2009	5,155,000	3,724,463	8,879,463
2010 – 2014	19,910,000	14,797,851	34,707,851
2015 – 2019	21,210,000	9,237,600	30,447,600
2020 – 2025	19,680,000	2,235,900	21,915,900
Total	$ 84,045,000	47,412,027	131,457,027

1999 General Obligation Refunding Bonds

In August 1999, the RTA issued $299 million in General Obligation Bonds, Series 1999, to provide funds to refund in advance of maturity the RTA's outstanding Series 1992A Bonds, maturing June 1 in the years 2015 and 2022, in the aggregate amount of $114 million, Series 1993A Bonds, maturing June 1 in the years 2009 and 2013, in the aggregate amount of $10 million, Series 1994A Bonds, maturing June 1 in the years 2006-2009, 2012, 2015, and 2024, in the aggregate amount of $143 million, and Series 1994C Bonds, maturing June 1 in the year 2025, in the aggregate amount of $22 million.

The Series 1999 Refunding Bonds mature on June 1 over a 25-year period and interest is payable at rates ranging from 5.00% to 6.00% on December 1, 1999 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 1999 Refunding Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 670,000	16,605,012	17,275,012
2006	5,135,000	16,459,887	21,594,887
2007	5,395,000	16,196,637	21,591,637
2008	5,665,000	15,920,137	21,585,137
2009	7,670,000	15,586,762	23,256,762
2010 – 2014	60,340,000	69,842,477	130,182,477
2015 – 2019	83,240,000	48,859,576	132,099,576
2020 – 2024	118,975,000	17,177,193	136,152,193
2025	4,220,000	126,600	4,346,600
Total	$ 291,310,000	216,774,281	508,084,281

2000 General Obligation Bonds

In June 2000, the RTA issued $260 million in General Obligation Bonds, Series 2000A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2000A Bonds mature on July 1 over a 30-year period and interest is payable at rates ranging from 5.75% to 6.25% on January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2000A Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 4,245,000	15,640,225	19,885,225
2006	4,480,000	15,396,138	19,876,138
2007	4,730,000	15,138,538	19,868,538
2008	4,995,000	14,866,563	19,861,563
2009	5,275,000	14,579,350	19,854,350
2010 – 2014	31,335,000	67,842,189	99,177,189
2015 – 2019	41,905,000	56,872,376	98,777,376
2020 – 2024	56,560,000	42,063,939	98,623,939
2025 – 2029	76,650,000	21,514,025	98,164,025
2030	18,340,000	1,192,100	19,532,100
Total	$ 248,515,000	265,105,443	513,620,443

2001 General Obligation Bonds

In April 2001, the RTA issued $100 million in General Obligation Bonds, Series 2001A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2001A Bonds mature on July 1 over a 30-year period and interest is payable at rates ranging from 5.0% to 6.0% on January 2001 and semiannually thereafter on July 1 and January 1 in each remaining year.

Debt service requirements on the Series 2001A Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 1,610,000	5,608,238	7,218,238
2006	1,695,000	5,527,738	7,222,738
2007	1,785,000	5,442,988	7,227,988
2008	1,880,000	5,344,813	7,224,813
2009	1,980,000	5,241,413	7,221,413
2010 – 2014	11,665,000	24,395,702	36,060,702
2015 – 2019	15,340,000	20,427,175	35,767,175
2020 – 2024	20,195,000	15,546,850	35,741,850
2025 – 2029	26,590,000	8,819,400	35,409,400
2030 – 2031	12,860,000	1,167,900	14,027,900
Total	$ 95,600,000	97,522,217	193,122,217

In March 2001, the RTA issued $38 million in General Obligation Bonds, Series 2001B, to provide funds to refund in advance of maturity the RTA's outstanding series 1993A Bonds, maturing June 1 in the years 2004-2008, in the aggregate amount of $38 million.

The Series 2001B Refunding Bonds mature on June 1 over a 23-year period and interest is payable at rates ranging from 4.00% to 5.50% on June 1, 2001 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2001B Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 1,410,000	1,899,975	3,309,975
2006	1,485,000	1,827,600	3,312,600
2007	1,555,000	1,755,488	3,310,488
2008	1,630,000	1,679,750	3,309,750
2009		1,639,000	1,639,000
2010 – 2014	2,295,000	8,131,888	10,426,888
2015 – 2019	13,585,000	5,778,714	19,363,714
2020 – 2023	13,920,000	1,584,276	15,504,276
Total	$ 35,880,000	24,296,691	60,176,691

2002 General Obligation Bonds

In March 2002, the RTA issued $160 million in General Obligation Bonds, Series 2002A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2002A Bonds mature on July 1 over a 30-year period and interest is payable at rates ranging from 5.0% to 6.0% on July 1, 2002 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2002A Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total
2005	$ 2,430,000	9,082,688	11,512,688
2006	2,555,000	8,961,188	11,516,188
2007	2,690,000	8,833,438	11,523,438
2008	2,835,000	8,698,938	11,533,938
2009	2,985,000	8,557,188	11,542,188
2010–2014	17,550,000	40,248,614	57,798,614
2015–2019	23,070,000	34,635,050	57,705,050
2020–2024	30,535,000	26,937,900	57,472,900
2025–2029	40,450,000	16,654,200	57,104,200
2030–2032	30,335,000	3,708,300	34,043,300
Total	$ 155,435,000	166,317,504	321,752,504

In June 2002, the RTA issued $200 million in General Obligation Bonds, Series 2002B, to provide interim funding, as needed, for a portion of the costs in connection with the reconstruction and expansion of rapid transit facilities operated by the CTA and to fund other public transportation projects.

The Series 2002B Bonds mature on June 1 over a 17-year period and interest is payable at rates ranging from 3.00% to 5.50% on December 1, 2002 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2002B Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total
2005	$ 9,125,000	9,501,213	18,626,213
2006	9,400,000	9,038,088	18,438,088
2007	9,710,000	8,560,338	18,270,338
2008	10,060,000	8,053,513	18,113,513
2009	10,450,000	7,515,125	17,965,125
2010–2014	59,245,000	28,344,788	87,589,788
2015–2019	74,390,000	10,379,663	84,769,663
Total	$ 182,380,000	81,392,728	263,772,728

2003 General Obligation Bonds

In May 2003, the RTA issued $260 million in General Obligation Bonds, Series 2003A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2003A Bonds mature on July 1 over a 30-year period and interest is payable at rates ranging from 2.0% to 5.5% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003A Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total
2005	$ 4,010,000	14,538,175	18,548,175
2006	4,130,000	14,377,775	18,507,775
2007	4,335,000	14,212,575	18,547,575
2008	4,555,000	13,995,825	18,550,825
2009	4,790,000	13,768,075	18,558,075
2010–2014	28,100,000	64,981,875	93,081,875
2015–2019	36,700,000	56,640,600	93,340,600
2020–2024	47,975,000	45,374,675	93,349,675
2025–2029	62,235,000	30,314,475	92,549,475
2030–2033	62,620,000	9,633,000	72,253,000
Total	$ 259,450,000	277,837,050	537,287,050

In January 2003, the RTA issued $150 million in General Obligation Bonds, Series 2003B, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2003B Bonds mature on June 1 over a 30-year period and interest is payable at rates ranging from 4.0% to 5.5% on June 1, 2003 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2003B Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total
2005	$ 2,355,000	8,063,725	10,418,725
2006	2,435,000	7,967,925	10,402,925
2007	2,545,000	7,868,325	10,413,325
2008	2,675,000	7,763,925	10,438,925
2009	2,810,000	7,654,225	10,464,225
2010–2014	16,370,000	36,124,063	52,494,063
2015–2019	21,190,000	31,078,002	52,268,002
2020–2024	27,545,000	24,413,239	51,958,239
2025–2029	35,820,000	15,710,520	51,530,520
2030–2033	36,255,000	4,306,320	40,561,320
Total	$ 150,000,000	150,950,269	300,950,269

In May 2003, the RTA issued $19 million in General Obligation Bonds, Series 2003C, to provide funds to refund in advance of maturity the RTA's outstanding series 1993C Bonds, maturing June 1 in the years 2004-2009, in the aggregate amount of $19 million.

The Series 2003C Bonds mature on July 1 over a six-year period and interest is payable at rates ranging from 2.0% to 5.0% on January 1, 2004 and semiannually thereafter on January 1 and July 1 in each remaining year.

Debt service requirements on the Series 2003C Bonds to maturity are set forth below:

Year	Debt Service Requirements Principal	Interest	Total
2005	$ 2,995,000	754,400	3,749,400
2006	3,115,000	634,600	3,749,600
2007	3,240,000	510,000	3,750,000
2008	3,395,000	348,000	3,743,000
2009	3,565,000	178,250	3,743,250
Total	$ 16,310,000	2,425,250	18,735,250

2004 General Obligation Bonds

In October 2004, the RTA issued $260 million in General Obligation Bonds, Series 2004A, to pay the costs of construction, acquisition, repair, and replacement of certain public transportation facilities for the Service Boards.

The Series 2004A Bonds mature on June 1 over a 30-year period and interest is payable at rates ranging from 5.0% to 5.75% on June 1, 2005 and semiannually thereafter on June 1 and December 1 in each remaining year.

Debt service requirements on the Series 2004A Bonds to maturity are set forth below:

	Debt Service Requirements		
Year	Principal	Interest	Total
2005	$ 1,010,000	17,318,512	18,328,512
2006	3,985,000	14,170,413	18,155,413
2007	4,190,000	13,966,038	18,156,038
2008	4,405,000	13,751,163	18,156,163
2009	4,635,000	13,525,163	18,160,163
2010 – 2014	26,985,000	63,808,315	90,793,315
2015 – 2019	34,730,000	55,523,207	90,253,207
2020 – 2024	45,120,000	44,515,863	89,635,863
2025 – 2029	58,660,000	30,575,413	89,235,413
2030 – 2034	76,280,000	11,425,825	87,705,825
Total	$ 260,000,000	278,579,912	538,579,912

All the bonds are recorded as current and long-term liabilities, as applicable, of the governmental activities in the government-wide statement of net assets, and are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The bonds are payable from all revenues and all other funds received or held by the RTA (except amounts in the Joint Self-Insurance Fund and amounts required to be held or used with respect to separate ordinance obligations) that lawfully may be used for retiring the debt.

The bonds are secured by an assignment of a lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the trustee by officials of the State. If, for any reason, the required monthly debt service payment has not been made by the RTA, the trustee is to deduct it from the sales tax receipts. If all payments have been made, the funds are made available to the RTA for regular use.

Under the RTA Act, the Service Boards' farebox receipts and funds on hand are not available for payment of debt service.

In the Debt Service Fund, $64,727,176 in investments is available to service principal and interest payments of the RTA's long-term debt as of December 31, 2004.

Note 10. Pension

All eligible employees of the Combined Entities are covered under a pension plan. RTA employees, as well as nonunion employees of Metra and Pace, are covered under the RTA Pension Plan, which is a multi-employer, noncontributory, defined benefit cost sharing plan and trust. The union employees of Metra and Pace are covered under various other plans as are required by their collective bargaining agreements.

The CTA maintains two single-employer defined benefit pension plans, the Employees' Retirement Plan and the Supplemental Retirement Plan, covering substantially all full-time permanent union and nonunion employees and Chicago Transit Board members. The Employees' Retirement Plan is governed by the terms of the employees' collective bargaining agreement. The Supplemental Retirement Plan, which includes the Retirement Plan for Board Members and the Supplemental Retirement Plan for selected Officers, Executives, Supervisory, and Professional Employees, provides benefits, in addition to the Employees' Retirement Plan, to management employees in certain employment classifications and Chicago Transit Board members.

Note 11. Region-Wide Financial Information

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation-related operations in the Northeastern Illinois region. This information includes the transportation-related results of the Service Boards' affiliated carriers. Accordingly, this region-wide information is presented in the combining region-wide schedules of revenues and expenditures and the combining region-wide statement of revenues and expenditures—budget and actual.

The basic financial statements of RTA and the Service Boards used to prepare the combining statement of revenues and expenses do not include the aggregate of system-generated revenues and costs. The combining region-wide schedules of revenues and expenditures include the aggregate of all system-generated revenues and costs.

For purposes of the system-generated revenues recovery ratio calculation, the Act requires that the costs used in the calculation include all operating costs consistent with accounting principles generally accepted in the United States, with certain allowable adjustments as enumerated in the Act. Costs funded by federal capital grants are recorded as capital assets, and are excluded from the recovery ratio calculation as required by the Act.

The Act requires that the aggregate of all system-generated revenues equal at least 50% of the aggregated costs of providing such public transportation. This concept is described as the "system-generated revenues recovery ratio."

For 2004, the region-wide system-generated revenues recovery ratio is calculated from the combining region-wide schedules of revenues and expenditures—(budget and actual budget basis) as follows (in thousands):

System-Generated Revenues Recovery Ratio	Revenues	Expenditures
CTA*	$ 523,180	945,437
Metra**	253,856	444,707
Pace***	63,058	151,176
RTA****	31,710	23,722
Total	$ 871,804	1,565,042

The region-wide system-generated revenues recovery ratio for 2004 equals 55.70%.

* The system-generated revenues recovery ratio for the CTA included leasehold revenues of $4,262 and excluded CTA expenditures for security costs of $10,200. It also included in-kind services of $22,000, both as revenues and expenditures.

** With respect to Metra, $9,075 of capital farebox financing was included in revenues. Metra's $5,000 security costs, $13,710 costs for lease of transportation facilities, and $2,795 for funded depreciation to carriers were deducted from expenditures.

*** Pace included in-kind services of $3,955, both as revenues and expenditures.

**** The RTA added back $8.569 million unrealized loss on swap valuation to its revenues. Also, the RTA excluded all capital-related expenses of $877 thousand.

These are allowable adjustments for the revenues recovery ratio computation per the Act. These adjustments are reflected in the region-wide information.

Note 12. Reconciliation of Government-Wide to Region-Wide Revenues and Expenditures

RTA's government-wide financial statements do not include fiduciary fund financial statement information that is added in the region-wide presentation. As also stated in Note 11, in-kind services are added in the system-generated revenues and expenditures.

The following data (in thousands) reconciles the combining government-wide to region-wide schedules of revenues and expenditures:

In thousands	RTA	CTA	Metra	Pace
Government-wide revenues *(page 35)*	$ 389,666	1,554,694	891,675	165,967
Federal operating grants				7,213
Sales tax agency fund	614,698			
Pension trust fund	14,479			
In-kind services		22,000		3,955
Unrealized loss on swap valuation	8,569			
Region-wide revenues *(page 36)*	1,027,412	1,576,694	891,675	177,135
Government-wide expenditures *(page 35)*	648,161	1,593,427	657,073	187,004
Sales tax agency fund	614,738			
Pension trust fund	5,616			
In-kind services		22,000		3,955
Security costs		(14,895)	(5,000)	
Lease of transportation facilities			(13,710)	
Capital (depreciation, disposals/additions)	(877)		(2,795)	
Region-wide expenditures *(page 36)*	1,267,638	1,600,532	635,568	190,959
Net revenues (expenditures)	$ (240,226)	(23,838)	256,107	(13,824)

Note 13. Subsequent Events

On March 24, 2005, the RTA sold a fixed-to-floating swaption having a notional value of $52 million and an expiration of February 2006. The RTA received a fee of $902,000.

On March 29, 2005, the RTA entered into one basis swap with a notional value of $52 million. The agreement will amortize to its July 2023 expiration. It is intended to reduce interest obligations calculated on a variable rate should existing swaptions be exercised.

On May 2, 2005, Series 1996, $146.7 million at December 31, 2004, was defeased by the issuance of Series 2005B, $148.1 million floating-rate bonds.

On June 1, 2005, a floating-to-fixed option, notional value $148.5 million, was exercised. The swap will amortize to its expiration date, June 2025.

Year Ended December 31, 2004 In thousands	RTA Government-Wide Funds	Service Boards: Chicago Transit Authority	Service Boards: Commuter Rail Division	Service Boards: Suburban Bus Division	Combining Adjustments: Debit	Combining Adjustments: Credit	Total Combined
Revenues							
Service Boards operating revenues	$	436,296	244,780	51,889	872		732,093
RTA financial assistance		441,603	233,429	79,052	754,084		
Other public funding		60,859	175,567	9,439			245,865
Capital grants		490,402	210,632	18,840	323,869		396,005
Sales taxes	101,344					574,284	675,628
Interest on sales taxes	53						53
Public Transportation Fund	170,397						170,397
State assistance	86,785						86,785
Investment income	28,207						28,207
Program revenues and other	2,880						2,880
Leasehold revenue		4,262					4,262
Interest revenue from leasing transactions		121,272	18,191	6,747			146,210
Capital farebox financing			9,076				9,076
Total Revenues	$ 389,666	1,554,694	891,675	165,967	1,078,825	574,284	2,497,461
Expenditures							
Operating		1,125,934	466,212	147,221		810	1,738,557
Depreciation		349,162	172,670	33,036			554,868
Financial Assistance to Service Boards	179,799					179,799	
Capital grants—discretionary	33,768					33,768	
Capital grants—bonds	290,102					290,102	
Insurance (JSIF)	5,319						5,319
Administrative expenses	6,553						6,553
Regional expenses	14,781					62	14,719
Technology program	3,265						3,265
Bond-related expenses	114,574						114,574
Interest expense on leasing transactions		115,696	18,191	6,747			140,634
Interest expense on bond transactions		2,635					2,635
Total Expenditures	$ 648,161	1,593,427	657,073	187,004		504,541	2,581,124
Net Revenues (Expenditures)	$ (258,495)	(38,733)	234,602	(21,037)	1,078,825	1,078,825	(83,663)

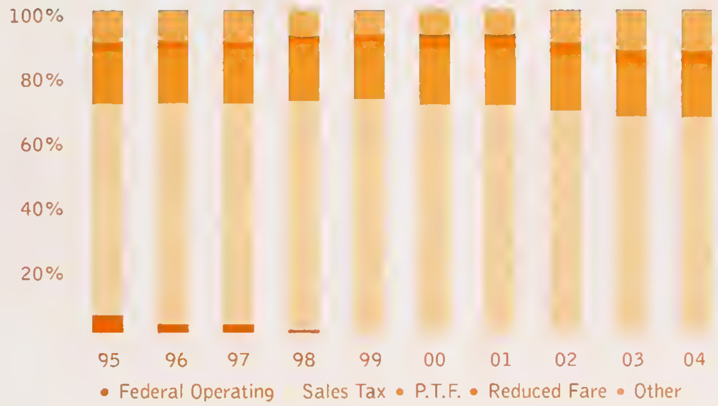
Note 1 Changes in net assets shown on page 20 and net revenues and expenditures shown on this page are similar.

Note 2 Government-wide to region-wide revenues and expenditures shown on page 35 and 36, respectively, are reconciled in Note 12.

Year Ended December 31, 2004 In thousands	RTA Govern-ment-Wide and Fiduciary Funds	Service Boards Chicago Transit Authority	Service Boards Commuter Rail Division	Service Boards Suburban Bus Division	Combining Adjustments Debit	Combining Adjustments Credit	Total Combined	Total Region-Wide Budget
Revenues								
RTA financial assistance	$	441,603	233,429	79,052	754,084			
Other public funding		60,859	175,567	9,439			245,865	
Capital grants		490,402	210,632	18,840	323,869		396,005	
Interest revenue from leasing transactions		121,272	18,191	6,747			146,210	
Sales taxes	675,628						675,628	671,750
Public Transportation Fund	170,397						170,397	167,938
State assistance	86,785						86,785	90,632
State reduced fare reimbursement	40,153				40,153			
Pension contribution	6,022				6,022			
Investment income	16,416						16,416	
Interest on sales taxes to Service Boards	301				301			
Subtotal	$ 995,702	1,114,136	637,819	114,078	1,124,429		1,737,306	930,320
Investment income	20,208						20,208	12,232
Other revenues	2,880			7,213			10,093	5,822
Interest on sales taxes	53						53	72
Service Boards revenues		436,296	244,780	51,889	872		732,093	791,562
Add (Subtract):								
In-kind services		22,000		3,955			25,955	25,955
Leasehold revenue		4,262					4,262	4,262
Capital farebox financing			9,076				9,076	9,040
Unrealized loss on swap valuation	8,569						8,569	
Subtotal	$ 31,710	462,558	253,856	63,057	872		810,309	848,945
Total Revenues	$1,027,412	1,576,694	891,675	177,135	1,125,301		2,547,615	1,779,265
Expenditures								
Pension and other employee benefits		187,602					187,602	
Depreciation		349,162	172,670	33,036			554,868	
Interest expenses from leasing transactions		115,696	18,191	6,747			140,634	
Interest expenses from bond transactions		2,635					2,635	
Operating grants to Service Boards	754,084					754,084		
Capital grants—discretionary	33,768					33,768		
Capital grants—bonds	290,102					290,102		
State reduced fare reimbursement	40,153					40,153		
Regional expenses	10,934					62	10,872	
Bond-related expenses	114,574						114,574	
Interest on sales taxes to Service Boards	301					301		
Subtotal	$ 1,243,916	655,095	190,861	39,783		1,118,470	1,011,185	
Operating expenses		938,332	466,212	147,221		810	1,550,955	1,551,372
Administrative expenses	6,553					572	5,981	5,756
Regional expenses	14,781						14,781	17,917
Technology program	3,265						3,265	6,718
Add (Subtract):								
In-kind services		22,000		3,955			25,955	25,955
Security costs		(14,895)	(5,000)				(19,895)	(5,000)
Lease of transportation facilities			(13,710)				(13,710)	(13,677)
Capital (depreciation, disposals/additions)	(877)		(2,795)				(3,672)	(2,735)
Subtotal	$ 23,722	945,437	444,707	151,176		1,382	1,563,660	1,586,306
Total Expenditures	$1,267,638	1,600,532	635,568	190,959		1,119,852	2,574,845	1,586,306
Net Revenues (Expenditures)	$ (240,226)	(23,838)	256,107	(13,824)	1,125,301	1,119,852	(27,230)	192,959

RTA Revenue by Source

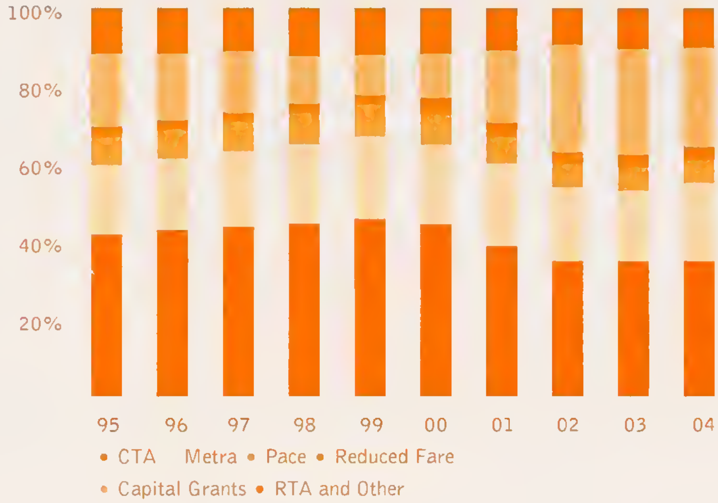
1995–2004



Last 10 Years In thousands	Federal Operating Assistance	Sales Tax	Public Transportation Fund	Reduced Fare	Other	Total
12 Months Ended 12/31/95	$ 43,128	$ 513,301	$ 129,866	$ 22,520	$ 78,165	$ 786,980
Percentage of Total	5.48%	65.23%	16.50%	2.86%	9.93%	100%
12 Months Ended 12/31/96	21,598	532,304	133,044	20,435	73,978	781,359
Percentage of Total	2.76%	68.13%	17.03%	2.61%	9.47%	100%
12 Months Ended 12/31/97	21,591	555,496	139,093	19,243	79,935	815,358
Percentage of Total	2.65%	68.13%	17.05%	2.36%	9.81%	100%
12 Months Ended 12/31/98	6,746	576,704	144,846	19,837	66,980	815,113
Percentage of Total	0.83%	70.75%	17.77%	2.43%	8.22%	100%
12 Months Ended 12/31/99	0	613,514	153,343	19,386	63,632	849,875
Percentage of Total	0.00%	72.19%	18.04%	2.28%	7.49%	100%
12 Months Ended 12/31/00	0	650,284	162,247	38,759	71,947	923,237
Percentage of Total	0.00%	70.44%	17.57%	4.20%	7.79%	100%
12 Months Ended 12/31/01	0	653,522	164,987	39,531	71,741	929,781
Percentage of Total	0.00%	70.29%	17.74%	4.25%	7.72%	100%
12 Months Ended 12/31/02	0	647,685	165,665	36,260	95,166	944,776
Percentage of Total	0.00%	68.55%	17.53%	3.84%	10.07%	100%
12 Months Ended 12/31/03	0	654,988	164,739	39,662	122,517	981,906
Percentage of Total	0.00%	66.70%	16.78%	4.04%	12.48%	100%
12 Months Ended 12/31/04	0	675,628	170,397	40,153	129,554	1,015,732
Percentage of Total	0.00%	66.52%	16.78%	3.95%	12.75%	100%

Distribution of Expenditures

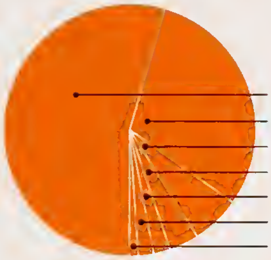
1995–2004



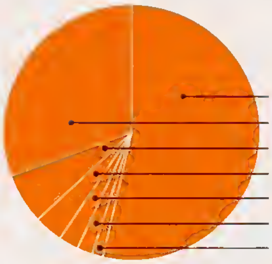
Last 10 Years In thousands	Financial Assistance CTA	Metra	Pace	Total	Reduced Fare	Capital Grants	RTA and Other	Total
12 Months Ended 12/31/95	$ 365,005	$ 154,592	$ 65,198	$ 584,795	$ 22,520	$ 164,266	$ 104,659	$ 876,240
Percentage of Total	41.66%	17.64%	7.44%	66.74%	2.57%	18.75%	11.94%	100%
12 Months Ended 12/31/96	372,479	158,042	66,496	597,017	20,435	149,215	103,587	870,254
Percentage of Total	42.80%	18.16%	7.64%	68.60%	2.35%	17.15%	11.90%	100%
12 Months Ended 12/31/97	377,198	166,083	67,337	610,618	19,243	136,680	97,701	864,242
Percentage of Total	43.64%	19.22%	7.79%	70.65%	2.23%	15.82%	11.30%	100%
12 Months Ended 12/31/98	377,265	172,198	69,100	618,563	19,837	103,859	106,464	848,723
Percentage of Total	44.45%	20.29%	8.14%	72.88%	2.34%	12.24%	12.54%	100%
12 Months Ended 12/31/99	384,810	177,784	70,482	633,076	19,386	86,913	103,443	842,818
Percentage of Total	45.66%	21.09%	8.36%	75.11%	2.30%	10.31%	12.28%	100%
12 Months Ended 12/31/00	402,126	184,559	71,772	658,457	38,759	102,806	108,546	908,568
Percentage of Total	44.26%	20.31%	7.90%	72.47%	4.27%	11.32%	11.94%	100%
12 Months Ended 12/31/01	419,005	230,343	75,002	724,350	39,531	201,548	120,351	1,085,780
Percentage of Total	38.59%	21.21%	6.91%	66.71%	3.64%	18.56%	11.07%	100%
12 Months Ended 12/31/02	441,632	238,955	79,052	759,639	36,260	351,041	121,439	1,268,379
Percentage of Total	34.82%	18.84%	6.23%	59.89%	2.86%	27.68%	9.57%	100%
12 Months Ended 12/31/03	453,488	233,632	82,747	769,867	39,662	354,083	139,272	1,302,884
Percentage of Total	34.81%	17.93%	6.35%	59.09%	3.04%	27.18%	10.69%	100%
12 Months Ended 12/31/04	441,603	252,493	79,051	773,147	40,153	323,869	130,469	1,267,638
Percentage of Total	34.84%	19.92%	6.24%	60.99%	3.17%	25.55%	10.29%	100%

Sales Tax Revenue Source by County/City of Chicago

2003



2004



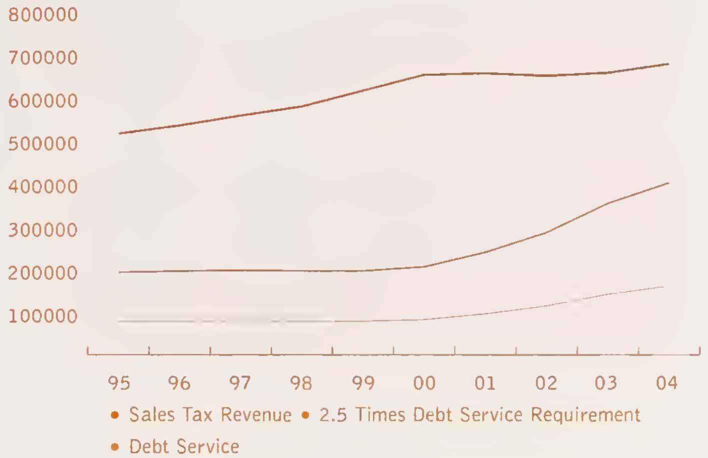
Last 10 Years In thousands	City of Chicago	Suburban Cook County	DuPage County	Kane County	Lake County	McHenry County	Will County	Total
12 Months Ended 12/31/95	$ 160,301	$ 282,898	$ 32,230	$ 8,546	$ 16,770	$ 4,735	$ 7,821	$ 513,301
Percentage of Total	31.23%	55.11%	6.28%	1.66%	3.27%	0.92%	1.52%	100%
12 Months Ended 12/31/96	165,051	292,319	34,370	9,044	17,929	5,096	8,495	532,304
Percentage of Total	31.01%	54.92%	6.46%	1.70%	3.37%	0.96%	1.60%	100%
12 Months Ended 12/31/97	163,366	313,113	36,482	9,301	18,980	5,329	8,925	555,496
Percentage of Total	29.41%	56.37%	6.57%	1.67%	3.42%	0.96%	1.61%	100%
12 Months Ended 12/31/98	176,816	314,886	39,278	10,011	20,413	5,760	9,540	576,704
Percentage of Total	30.66%	54.60%	6.81%	1.74%	3.54%	1.00%	1.65%	100%
12 Months Ended 12/31/99	187,966	333,513	41,764	10,761	22,238	6,528	10,744	613,514
Percentage of Total	30.64%	54.37%	6.81%	1.75%	3.62%	1.06%	1.75%	100%
12 Months Ended 12/31/00	199,056	354,307	42,741	11,589	23,985	6,942	11,664	650,284
Percentage of Total	30.62%	54.48%	6.57%	1.78%	3.69%	1.07%	1.79%	100%
12 Months Ended 12/31/01	197,370	357,522	42,498	11,796	25,017	7,122	12,197	653,522
Percentage of Total	30.20%	54.71%	6.50%	1.80%	3.83%	1.09%	1.87%	100%
12 Months Ended 12/31/02	195,417	353,999	40,961	12,256	24,913	7,373	12,766	647,685
Percentage of Total	30.17%	54.66%	6.32%	1.89%	3.85%	1.14%	1.97%	100%
12 Months Ended 12/31/03	198,383	356,386	40,916	12,828	24,968	7,599	13,905	654,985
Percentage of Total	30.29%	54.41%	6.25%	1.96%	3.81%	1.16%	2.12%	100%
12 Months Ended 12/31/04	205,355	363,792	42,785	13,954	26,150	8,160	15,432	675,628
Percentage of Total	30.39%	53.85%	6.33%	2.07%	3.87%	1.21%	2.28%	100%

Legal Debt Capacity

2004	Balance Outstanding at December 31, 2004	Issued	
Legal Debt Margin			
Debt Limitation per Act for General Obligations			$ 2,600,000,000
Debt Applicable to Limitation			
Non-SCIP Bonds			
1990A General Obligation Bonds	$ 60,795,000		
1991A General Obligation Bonds	55,745,000		
1992B General Obligation Bonds	7,900,000		
1994B General Obligation Bonds	7,095,000		
1994D General Obligation Bonds	40,075,000		
1996 General Obligation Refunding Bonds	146,770,000		
1997 General Obligation Refunding Bonds	84,045,000		
2002B General Obligation Bonds	182,380,000		
2003B General Obligation Bonds	150,000,000		
2003C General Obligation Refunding Bonds	16,310,000		
Total RTA Bonds Applicable to Limitation	751,115,000		(751,115,000)
SCIP Bonds			
1992A General Obligation Bonds	49,465,000	$ 188,000,000	
1993A General Obligation Bonds		55,000,000	
1994A General Obligation Bonds	21,625,000	195,000,000	
1994C General Obligation Bonds	33,520,000	62,000,000	
1999 General Obligation Refunding Bonds	291,310,000		
2000 General Obligation Bonds	248,515,000	260,000,000	
2001A General Obligation Bonds	95,600,000	100,000,000	
2001B General Obligation Refunding Bonds	35,880,000		
2002A General Obligation Bonds	155,435,000	160,000,000	
2003A General Obligation Bonds	259,450,000	260,000,000	
2004A General Obligation Bonds	260,000,000	260,000,000	
Total SCIP Bonds Applicable to Limitation		$ 1,540,000,000	(1,540,000,000)
Total SCIP Bonds Outstanding	1,450,800,000		
Total Bonds Outstanding	$ 2,201,915,000		
Debt Margin for General Obligations			308,885,000
Debt Limitation per Act for Working Cash Notes			100,000,000
Total Legal Debt Margin			$ 408,885,000

Comparison of Sales Tax Revenue to Debt Service Requirement

1995–2004
In thousands



As defined in the Bond and Note General Ordinance, ordinance 85-39, Section 909 (3), revenue test required that all RTA revenues "shall equal or exceed two and one-half (2.5) times the maximum annual debt service requirements." In the graph presented above, the RTA compares 2.5 times debt service requirement to sales tax revenues, a major RTA revenue. In effect, the RTA significantly exceeds the revenue test defined in the ordinance.

Comparison of Sales Tax Revenue to Debt Service Requirement

Last 10 Years In thousands	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Sales Tax Revenue	$ 513,301	532,304	555,496	576,704	613,514	650,284	653,522	647,685	654,985	675,628
Debt Service Requirement	76,550	77,639	78,359	77,883	77,866	81,676	95,187	113,526	140,607	159,702
2.5 Times Debt Service Requirement	191,375	194,098	195,898	194,708	194,665	204,190	237,968	283,815	351,518	399,255

Differences, if any, between debt service amounts presented above and amounts presented in the accompanying financial statements represent timing differences between payments made to trustees and payments made to bondholders. Also, investment income earned in the debt service accounts may lower actual cash transfers from the General Fund.

Ratio of Annual Debt Service Requirements for General Obligation Bonds to Total Expenditures

Last 10 Years
In thousands

Year	Debt Service Requirements Principal	Interest	Total	Total Expenditures	Ratio of Debt Service to Total Expenditures
1995	$ 10,289	$ 66,261	$ 76,550	$ 876,240	8.74%
1996	13,113	64,526	77,639	870,254	8.92%
1997	13,898	64,461	78,359	864,242	9.07%
1998	16,124	61,759	77,883	848,723	9.18%
1999	16,988	60,878	77,866	842,818	9.24%
2000	22,949	58,727	81,676	908,568	8.99%
2001	19,805	75,382	95,187	1,085,780	8.77%
2002	27,262	86,264	113,526	1,268,379	8.95%
2003	37,940	102,667	140,607	1,302,884	10.79%
2004	40,430	119,272	159,702	1,267,638	12.60%

Federal Allocation of Capital Funds to Northeastern Illinois

Sections 5309, 5307 and Title 1 including CMAQ and STP (formerly Sections 3, 9, and 23, respectively)

Last 10 Calendar Years
In millions

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division
1995	$ 228.97	$ 127.83	$ 82.80	$ 18.34
1996	233.97	131.92	84.48	17.57
1997	228.42	127.56	80.28	20.58
1998	252.95	142.97	88.17	21.81
1999	299.59	162.67	111.49	25.43
2000	336.65	177.17	132.89	26.59
2001	355.47	184.46	145.75	25.26
2002	430.08	225.42	174.29	30.37
2003	463.90	256.70	173.50	33.70
2004	493.16	291.76	168.05	33.35
Total	$3,323.16	$ 1,828.46	$ 1,241.70	$ 253.00

Service Board Operating Characteristics

2004

Chicago Transit Authority

Rapid Transit

- 7 rail routes
- 144 stations served
- 1,190 rapid transit cars
- 12.4 million riders per month

Motor Bus

- 152 bus routes
- 2,012 buses
- 24.5 million riders per month

Paratransit

- 184 thousand riders per month

Metra Commuter Rail Division

- 546 route miles
- 1,189 miles of track
- 243 stations
- 144 locomotives
- 813 passenger cars
- 243 electric cars
- 707 weekly trains operated
- 96.9% on-time performance
- 6.2 million riders per month (excluding 79% South Shore)

Pace Suburban Bus Division

Fixed Route

- 159 regular routes
- 58 feeder routes
- 4 subscription routes
- 15 shuttle routes
- 602 vehicles in use during peak periods
- 2.6 million riders per month

Paratransit

- 62 local services
- 354 Pace-owned lift-equipped buses in service
- 210 communities served
- 125 thousand riders per month

Other

- 478 vanpools in operation
- 118 thousand riders per month

System Ridership/Unlinked Passenger Trips

1995–2004
In millions

Last 10 Years In millions	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Service Consumed										
CTA – Bus	307.3	303.3	288.8	291.7	300.2	303.3	303.1	304.8	293.7	296.2
CTA – Rail	119.3	124.0	130.0	132.4	141.7	147.2	151.7	152.4	150.3	148.8
Total CTA	426.6	427.3	418.8	424.1	441.9	450.5	454.8	457.2	444.0	445.0
Metra	70.4	70.6	72.3	74.5	76.6	78.8	79.2	76.8	74.8	74.4
Pace	37.2	37.5	37.9	39.3	40.2	38.6	37.0	34.8	33.7	34.1
System Total	534.2	535.4	529.0	537.9	558.7	567.9	571.0	568.8	552.5	553.5
Percent Change	(4.4%)	0.2%	(1.2%)	1.7%	3.9%	1.6%	0.5%	(0.4%)	(2.9%)	0.18%

Financial Results of Purchased Services Agencies

The following is a summary of the financial results, as reported to the Service Boards, of each transportation agency that had a purchase of service agreement with a Service Board or received financial grants or financial assistance from a Service Board during 2004.

In thousands		Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
CTA						
Art's Transportation Co.	$	449	6,965	(6,516)	6,516	
Cook-DuPage Transportation Co.		747	21,107	(20,360)	20,360	
SCR Transportation		646	12,171	(11,525)	11,525	
Taxi Access Program		841	6,074	(5,233)	5,233	
Total CTA	$	2,683	46,317	(43,634)	43,634	
Metra						
Union Pacific	$	63,755	137,568	(73,813)	73,813	
Burlington Northern/Santa Fe		38,796	53,745	(14,949)	14,949	
Northern Indiana Commuter Transportation District (NICTD)		3,549	7,329	(3,780)	3,780	
Total Metra	$	106,100	198,642	(92,542)	92,542	
Pace						
Summary of Services						
Fixed Route – Public Funded Carriers	$	1,506	2,804	(1,298)	1,298	
Fixed Route – Private Contract Carriers		3,045	8,535	(5,490)	5,490	
Total Fixed Route Service		4,551	11,339	(6,788)	6,788	
Private Contract Carriers						
DAR Services		1,033	6,167	(5,134)	3,225	1,909
DAR and Stable Services		1,372	11,680	(10,308)	10,308	
Total Private Contract Carriers		2,405	17,847	(15,442)	13,533	1,909
Paratransit – Municipal Carriers		592	6,033	(5,441)	1,186	4,255
Total Pace	$	7,548	35,219	(27,671)	21,507	6,164
Pace						
Detail of Services						
Fixed Route – Public Funded Carriers						
City of Highland Park	$	369	923	(554)	554	
Village of Niles		486	1,170	(684)	684	
Village of Downers Grove		564	614	(50)	50	
Northwestern University		87	97	(10)	10	
Total	$	1,506	2,804	(1,298)	1,298	
Private Contract Carriers – Fixed Route						
Academy Coach Lines	$	669	2,075	(1,406)	1,406	
Colonial Coach Lines		124	601	(477)	477	
Laidlaw Transit		1,495	4,359	(2,864)	2,864	
Mid America Coach Lines		93	329	(236)	236	
M V Transportation		20	55	(35)	35	
Cook County School Bus		513	912	(399)	399	
Village of Schaumburg		131	204	(73)	73	
Total	$	3,045	8,535	(5,490)	5,490	
Private Contract Carriers – Dial-a-Ride Services						
Addison	$	4	60	(56)	10	46
Aurora			4	(4)	4	
Barrington		1	68	(67)	35	32
Bloomingdale Township		34	389	(355)	242	113
Central Lake		10	134	(124)	89	35
Central Will		66	661	(595)	373	222

Pace Detail of Services, Continued
In thousands

		Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Private Contract Carriers – Dial-a-Ride Services, continued						
Downers Grove	$	5	172	(167)	119	48
Dupage County Non-ADA		14	107	(93)	93	
Dupage Township		12	169	(157)	106	51
Elk Grove		22	263	(241)	61	180
Freemont Township		1	9	(8)		8
Hampshire Township		1	9	(8)	6	2
Hanover Township		3	19	(16)		16
Hometown		1	20	(19)	5	14
Leyden Township		24	210	(186)	41	145
McHenry Township		358	1,742	(1,384)	1,170	214
Milton Township		9	184	(175)	114	61
Naperville/Lisle		40	400	(360)	182	178
Northeast Lake–Warren		15	279	(264)	231	33
Northeast Lake–Zion		2	16	(14)	9	5
Northwest Lake		21	257	(236)	236	
N. Suburban Cook Non-ADA			45	(45)	45	
Ride DuPage		62	521	(459)	(7)	466
South Cook		7	19	(12)	12	
Southwest Lake–Cuba		1	3	(2)	1	1
Southwest Lake–Wauconda		5	18	(13)	10	3
Southwest Will		1	21	(20)	13	7
Village of Bloomingdale		1	16	(15)	1	14
Village of Skokie/West Cook		308	270	38	(38)	
Wayne Township		5	82	(77)	62	15
Total	$	1,033	6,167	(5,134)	3,225	1,909
Private Contract Carriers – Dial-a-Ride and Stable Services (ADA Services)						
DuPage County	$	44	514	(470)	470	
Kane County		56	518	(462)	462	
North Suburban		337	3,385	(3,048)	3,048	
Northeastern/Central Lake		139	1,299	(1,160)	1,160	
South Cook		591	4,267	(3,676)	3,676	
Southwest/Central Will		22	322	(300)	300	
West Cook		183	1,375	(1,192)	1,192	
Total	$	1,372	11,680	(10,308)	10,308	
Paratransit – Municipal Carriers						
Aurora	$	26	444	(418)	71	347
Batavia		4	50	(46)	10	36
Bensenville		24	258	(234)	40	194
Berwyn/Cicero		16	191	(175)	28	147
Bloom		24	319	(295)	62	233
Crestwood		7	87	(80)	18	62
Dundee		8	88	(80)	19	61
Ela		33	164	(131)	47	84
Elgin		16	105	(89)	59	30
Forest Park		10	104	(94)	28	66
Fox Lake/Grant		2	8	(6)	2	4
Frankfort		11	140	(129)	22	107
Harvard		12	104	(92)	26	66
Lemont		5	62	(57)	12	45
Lyons		13	256	(243)	36	207
Norridge		17	81	(64)	30	34
Oak Park		26	302	(276)	59	217
Orland Park		28	311	(283)	53	230

Pace Detail of Services, Continued In thousands		Operating Revenues	Operating Expenditures	Operating Deficit	Service Board Funding	Other Public Funding
Paratransit – Municipal Carriers, continued						
Palatine	$	12	160	(148)	25	123
Palos Hills		14	78	(64)	22	42
Park Forest		24	154	(130)	42	88
Peotone		20	225	(205)	47	158
Rich Township		77	614	(537)	48	489
Schaumburg		51	669	(618)	156	462
St. Charles		17	138	(121)	22	99
Stickney		19	239	(220)	51	169
Tinley Park		8	76	(68)	19	49
Vernon		4	94	(90)	8	82
Woodstock		55	357	(302)	98	204
Worth Township		9	155	(146)	26	120
Total	$	592	6,033	(5,441)	1,186	4,255

Produce

175 West Jac

Creative Direction, Art D

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